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COLONIZATION AS AN INSTRUMENT OF CHINESE COMMUNIST POLICY

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The history of the Chinese people shows them to be capable of enormous territorial expansion through pioneer colonization, whether of the voluntary and unorganized variety or of the involuntary and organized variety, and of enormous growth in numbers, the present population being more than 600 million according to the Chinese Communists and expanding at a rate of about 2 per cent per year. Since 1955 the Chinese Communists have been organizing migration on a large scale from crowded regions in eastern China to the frontier regions. This is apparently being done for demographic, economic, cultural, and especially political reasons.

In time this process is likely to produce considerable demographic pressure on the frontiers themselves and perhaps emigration across the frontiers. This has actually been occurring in Burma since the spring of 1956. In the long run, however, the Asiatic territories of the Soviet Union, and especially the Soviet Far East, rather than Southeast Asia, seem to offer the most promising target for Chinese emigration provided the Chinese Communists decide to risk the political consequences.

The aim of this survey is to consider the colonization of areas both inside and outside the frontiers of China under the auspices of the Communist Party of China (CPC); to relate this process to the historic expansion of the Chinese people, to China's present demographic situation, and to the CPC's domestic and foreign policies as a whole; and to explore the possible course of Chinese colonization in the future.

1. Colonization as a Conveyor of Political and Cultural Influence

Colonization (meaning the permanent or semi-permanent settlement of a group of people in an area inhabited by some other people or peoples) may take several forms. It may be voluntary and essentially unorganized, like the movement of Europeans to the New World during the nineteenth century. It may be organized but voluntary, like the Greek colonization of ancient times. Or it may be organized and involuntary, like the early penal colonies in Australia. There may be various motives, not all of which can apply in all three types of colonization just mentioned; these may be economic (escape from poverty and overcrowding), commercial, political (to escape oppression and/or to found a new state or society), or religious. Colonization may proceed either together with or apart from conquest and the extension of political influence or control by the country from which the colonists came.

From the standpoint of this paper the important question is to what extent, and under what circumstances, colonization can serve as a conveyor of political and cultural influence from the country of origin to the country of destination. Voluntary, unorganized colonization is clearly capable in theory of conveying cultural influence, but hardly political influence unless the colonists go to an adjacent or previously unorganized area and are willing to accept political direction from the mother country. It is also clear that if the mother country were anxious to exercise political influence in the area in

question it would try to exert some control over the migrants, and the colonization would automatically cease to be voluntary.

The case of the ancient Greek colonies on the coast of Asia Minor, along the Black Sea, in Sicily and Italy, and elsewhere suggests that the organized, voluntary type is capable of conveying both cultural and a certain measure of political influence. The Greek colonies, when they were founded, were a representative cross-section of their parent cities and proceeded to become virtual replicas of the latter in all essential respects. Greek culture was transmitted almost intact and had a very great influence on surrounding peoples, especially the Romans. It also spread through the Middle East under the favorable conditions provided by Alexander's conquests. Except in cases of conquest, which were rare apart from those of Alexander, the political influence conveyed was in the nature of a tendency to act in common rather than of domination.

The involuntary, organized variety of colonization is obviously capable of transmitting the maximum of political influence, but probably not much cultural influence. Persons sent abroad under compulsion would almost certainly feel alienated from their own societies and probably not very anxious to propagate the cultures associated with those societies.

It seems, then, that the voluntary, organized variety of colonization is best suited to conveying the optimum combination (from the mother country's standpoint) of political and cultural influence to other areas. Yet this type of colonization is probably the rarest of the three, and it is certainly the rarest in the history of Chinese colonization. Nearly all Chinese who left their original homes and went to live among non-Chinese peoples either inside or outside the present frontiers of China went either as voluntary emigrants (or refugees) or as members of military and/or agricultural colonies planted by the Chinese dynasty then in power. Colonization was probably regarded by traditional Chinese dynasties as a useful means of extending Chinese political and cultural influence over non-Chinese peoples, but one of somewhat limited applicability. It worked well when non-Chinese were brought into direct contact with the expanding main body of Chinese population through the latter's outward geographic expansion, but not otherwise. In cases where the non-Chinese people in question were not in direct contact with the main body of Chinese, as in most of Southeast Asia, a considerable though lesser degree of Chinese political and cultural influence could be exerted on the courts and upper classes through the tributary system. Very little influence could be brought to bear on the lower classes, however, unless the upper classes voluntarily adopted Chinese culture and propagated it among their own people.

Except in certain types of technology, Chinese influence on peoples living outside the present fron-

tiers of China was virtually confined in the pre-modern period to the Koreans, the Japanese, and the Vietnamese. To be sure, in the times of China's greatest political power its tributary system included within its orbit other peoples of Central and Southeast Asia, but Chinese cultural influence on these other peoples was not very great. In Southeast Asia (other than North Vietnam), Chinese cultural influence was far less important than Indian. This was in spite of the fact that Chinese merchants began to come to Southeast Asia before the beginning of the Christian era, that in some areas Chinese residents outnumbered Indian, and that wherever they went the Chinese were commercially active and unhindered by caste restrictions or limitations on intermarriage.

The reasons why Chinese culture failed to take hold in Southeast Asia are somewhat speculative. The case of North Vietnam, which was the only region of Southeast Asia subjected to any considerable degree of Chinese political or military influence and was also the only region strongly affected by Chinese culture, may provide a clue to part of the answer. Chinese culture was an extraordinary integrated whole, in which the predominantly Confucian code of ethics and social behavior and the difficult and elaborate written language were inextricably interwoven with the fabric of the state. That being so, Chinese culture was generally able to advance (except in Korea and Japan) only under the protecting wing of the Chinese state. In the absence of Chinese political dominance in the area, the Chinese communities in pre-modern Southeast Asia tended to remain cultural islands which did not greatly influence, but were sometimes influenced by, the people around them. The Chinese cultural superiority complex may also have antagonized the indigenous inhabitants. Furthermore, these Chinese were largely merchants who for that very reason were looked down upon at home and were not highly cultured, and they came from a rather restricted region of China (generally not far from Canton). Finally, China had no great religion capable of exciting the enthusiasm of Southeast Asian courts or peoples.

The history of Chinese colonization seems to show, then, that colonization is not likely to act as a medium for the transmission of Chinese culture unless the colonization occurs in areas adjacent to China itself and therefore in direct contact with the main body of Chinese. The same probably holds of colonization as a means of transmitting Chinese political influence, but it is important to note that Chinese political influence can be transmitted quite apart from colonization, through direct state-to-state relations. In the past, this would mean primarily the tributary system; in the context of the present, it could include party-to-party relations with other Communist Parties as well as relations with recognized governments.

2. Historic Expansion of the Chinese People

If we focus our attention on the demographic history of the main body of the Chinese people instead of on that of its offshoots, the picture becomes much more impressive.

Taking their history as a whole, the Chinese have been the leading pioneering and colonizing people of East Asia. For whatever biological or other reason, they have also grown in numbers more rapidly than any other. During the past three thousand-odd years they have expanded from their original home in the plain around the central Yellow River into the vast territory which they now inhabit. It is hard to say why they early attained a cultural and political level higher than that of the surrounding people, but it cannot be doubted that they did. According to one of the leading authorities on Chinese colonization: "While Han-Chinese culture is neither the most ancient, nor the highest, nor the most independent culture, it possessed a unique power of resurgence and unexampled persistency. This culture, in the view of Eickstedt, the author of *Rasendynamik von Ostasien*, was the strongest the world has seen, so that it progressed relentlessly, proceeding peacefully for the most part, unobtrusively and below the surface."

As China's culture and territory grew and developed, they acquired or strengthened characteristics which made it easier to expand still further. Among these were size, resources, a favorable geographical location, a large population, and a rich technological tradition. There was no comparable center of population, wealth, and power anywhere in East Asia, except India.

In the course of their expansion the Chinese naturally came into contact with other peoples. Most, although not all, of these fell into five major groups: the Mongols and Turks to the north and northwest, the Tibetans to the southwest, the Tai (Thai) in South and Southwest China, and the Austronesians in the coastal regions of South China. Except in the military sphere, the Mongols and Turks did not feel the force of Chinese expansion very greatly, for they were mostly nomads inhabiting territory too dry for permanent Chinese settlement, which was roughly bounded on the north by the Great Wall. The other three groups, however, occupied territories at least the lowlying portions of which were suitable for agriculture, and the Chinese overwhelmingly preferred these lands.

Chinese penetration of the area south of the Yangtze River began at about the time of the founding of the Chinese Empire (i.e., ca. 200 B.C.). It received an enormous stimulus from a series of nomadic invasions of North China which began about 300 A.D. and thereafter continued at an accelerated pace. South China began to take the lead over North China economically at about the time of the T'ang dynasty (617-907), and politically about the time of the Ming dynasty (1368-1644).

The steady infiltration into arable land (which, in the rugged terrain of South China, meant mainly

the valleys) by Chinese colonists, followed by the advance of Chinese civil administration, had a serious effect on the other peoples who stood in the way. Some of the more primitive ones, such as the Miao in South China, were largely pushed back into the mountains and forests and left there in isolation and stagnation. Others, like the Inner Mongols during the last half century, were driven back ahead of the Chinese, in this case toward the Gobi. Others, such as the Burmans, Thai, and Vietnamese, were displaced altogether or in large part (pressures from other peoples also played a part: pressure by the Tibetans in the case of the Burmans, and military pressure from the Mongols in the case of the Thai). Others, such as the Manchus, disappeared through gradual absorption by the Chinese. In nearly all cases except those of very primitive peoples, absorption through conquest and intermarriage played an important part in the relationship with the Chinese. The number of those who considered themselves Chinese, then, grew by absorption as well as by natural increase, and the term Chinese was perhaps more a cultural than a racial one. The fate of those who resisted absorption was generally submergence, displacement, or annihilation.

In summary, Chinese pioneer colonists have increased in number and expanded geographically at a spectacular rate during the past three millennia and have inundated, absorbed, or displaced numerous weaker peoples who stood in their way. Where the Chinese colonist has gone, the Chinese official has generally followed, and Chinese rule been established at least for a time. Where either the colonist or the official has been absent, however, and where the chief representative of China was the merchant, as in most of Southeast Asia, Chinese culture has generally not exerted much influence.

3. The Growth of China's Population

The history of China's population growth can be reconstructed only on the basis of very rough estimates. The only statistical material is contained in official documents, which often tend to reflect the number of people from whom the dynasty in question was then in a position to collect taxes, rather than the number of Chinese actually alive at that time. Furthermore, the population figures reported by local officials to their superiors at the provincial level, and by the latter to the capital, were probably distorted in a downward direction by the fact that, until 1712, the imperial taxation system generally included a poll tax. That meant that there was an incentive for an official to under-report population, since the higher the figure he reported the higher would be the poll tax quota assigned to him from above. The lower the figure, the lower the quota and the greater his own profit, since he would in any case tend to collect what the traffic would bear without limiting himself to the amount specified in the quota. After 1712, however, the poll tax became a fixed lump sum which

was gradually amalgamated with the land tax, so that it ceased to be a true poll tax. This meant that an official need not fear that an increase in the reported population under his jurisdiction would mean an increase in the tax quota assigned him. There was, if anything, an incentive to overreporting, since a large population seemed to indicate a state of prosperity and peace among the people committed to his charge.

For these reasons the official Chinese population figures, which show an apparent trebling of the population from the middle of the 18th century to the middle of the 19th, to a figure of about 420 million at the latter date, are almost certainly unreliable. Such a rate of increase would be virtually a biological impossibility in a country which was then undergoing no Industrial Revolution. It appears quite likely that the figure for the middle of the 19th century is not far off, but that the figure for the middle of the 18th century is too low. There was almost certainly some increase in population during this period, but at a much slower rate than indicated by the official figures. If that is the case, then the beginning of the growth of China's population toward its present imposing level must have begun a long time ago, well before the middle of the 18th century.

The present writer suggests it as probable, without being able to prove it, that the population of imperial China fluctuated between 60 and 100 million from about the 2nd century B.C. until about the 12th century A.D. This was a very large agglomeration of population for those days, almost certainly the largest under a single government which could have been found anywhere in the world. The 12th and 13th centuries, when China was governed by the Southern Sung dynasty, were, apart from frontier troubles with barbarian tribesmen, a period of internal peace and great prosperity, to which Marco Polo's description of the wealth of the former Southern Sung capital of Hangchow bears witness. It seems not at all unlikely that at that time the graph of China's population began to climb upward at a faster rate than before, and that even such disasters as the Mongol conquest (in the third quarter of the 13th century) and the Manchu invasions (in the mid-17th century) made little impression on this massive growth. In recent times it has been shown repeatedly that even a major war seldom makes much of a dent in a large and settled population with anything like a normal birth rate. If this supposition is reasonably correct, it would not be impossible for China's population to have grown from, say, 100 million in the 12th century to 200 million in the 15th, 300 million in the 17th, and 400 million about 1800. An average annual rate of increase of 1 per cent would be more than sufficient to produce such a growth. This rate of increase would be far slower than the rate at which the population of China is believed to be increasing today.

As the foregoing hypothetical figures indicate, the rate of growth is likely to have been more rapid toward the end of the period mentioned than it had been at the beginning. Several conditions which existed during the early modern period account for this. One, probably the least important, is the fairly high standard of internal peace and order maintained by the Ming and Manchu dynasties. Another is the introduction of a form of vaccination against smallpox into 18th century China. Third, and probably the most important, is the introduction of important new food crops of American origin, such as tomatoes, corn (maize), sweet potatoes, and peanuts via the Philippines. Generally speaking, these crops could grow on hilly land with comparatively little water, in places where rice could not be grown, and they therefore enriched China's diet and enlarged its food supply.

If, then, we assume that a figure of about 400 million for 1800 is at least not unreasonable, the problem still remains whether the wars and chaos which overtook China in the 19th and early 20th centuries are likely to have drastically checked the rate of growth of China's population. On the whole, there seems to be no compelling reason to think that they did. One bit of indirect evidence is the undoubted fact that during the period just mentioned there was a large scale migration of Chinese to Southeast Asia, Manchuria, and Inner Mongolia. This was not a movement of political refugees to any significant extent, and it hardly looks like the work of a country with a stationary or nearly stationary population. It is also worth repeating that wars generally have less of an effect on population figures than might be imagined.

Assuming that a fairly steady growth of China's population occurred during the early modern and modern periods, and that the reasons for this increase were roughly as suggested, we may still ask how the increase occurred. Certainly it did not occur through any drastic lowering of the death rate, for despite the limited use of vaccination and the existence of a highly developed system of traditional medicine all writers on the life of the Chinese rural population agree that it has traditionally had a short life expectancy because of disease and poverty. Nor was the increase due to an exceptionally high birth rate. Authorities are generally agreed that the birth rate, or at least the rate of live births, among the Chinese peasantry has not been especially high, at least in relation to the death rate. The increase seems to have occurred rather as a steady, but not spectacularly rapid, growth among a population which was already large and long established, and which included a large number of family units. It is also virtually certain that throughout China's history the desire for sons to carry on the ancestral observances has exerted a strong upward pressure on the population level, but this was counteracted to some extent by the tendency to sell or expose female children in times of distress.

4. Chinese Communist Population Policy

It is well known that Communists generally deny that there is any such thing as overpopulation. This view is a logical outgrowth of the labor theory of value, which holds that labor is the sole source of wealth. The more people, the more labor; the more labor, the more wealth. This reasoning does not reveal its full absurdity when applied to the Soviet Union, where there is abundant empty land and a not very high rate of population growth (probably about 1.5 per cent per year). But it is nevertheless absurd, for labor is clearly not the only source of wealth; land (and other natural resources), capital, and technology also have essential parts to play. When the labor theory of value is applied to the question of population in China, it immediately begins to break down.

Nevertheless, the Chinese Communists during the first few years after the "Liberation" always discussed the population question from the standpoint of orthodox Marxist theory. Being as yet without any accurate census figures, they generally accepted a figure of 475 million as a close approximation of China's population, and they appeared to find nothing alarming in this estimate.

In 1953, in connection with the registration of voters for elections to local "People's Congresses," the Chinese Communists began to conduct what purported to be a census, actually the first in the history of China. The results, which were not published until November 1, 1954, but were of course known in Peking considerably earlier, were startling. In round figures, they showed (as of midnight 30

June/1 July 1953) 583 million people (including 35 million members of national minorities) living on the China mainland under Chinese Communist rule, an estimated 7 million on Taiwan, and another 11 million overseas Chinese. The accuracy and good faith of these figures are of course not beyond question and have been widely challenged. However, they do not fall outside the range of what might be considered reasonable. Furthermore, enough information has since become available on the methods used in conducting the census to make it appear that they were reasonably scientific, given the peculiar difficulties posed by Chinese conditions, and that the result may be substantially accurate. In any event, there is no compelling reason to reject the figures.

There is no really accurate information as to the rate at which this enormous population is increasing. The rate most widely accepted in Communist China seems to be 2 per cent per annum, based on an estimated birth rate of 37 per thousand and an estimated death rate of 17 per thousand. The death rate just quoted seems low, but there have certainly been considerable advances in preventive medicine and public health in China in recent years. There are even Chinese who believe that a 3 per cent annual increase is closer to the truth. If, however, we accept 2 per cent as more likely, China's population would double every 36 years and would therefore pass the 1,000,000,000 mark about 1980.

At first the Chinese Communists, armed with Marxist orthodoxy, seemed unperturbed at this prospect. When the British Labor Party delegation visited China in August 1954, its members were given an inkling of the results of the census and were assured, to their horror, that the probability of astronomical increases in the future was no cause for alarm, and in fact a cause for rejoicing.

It seems, nevertheless, that the census had a considerable impact in Peking, and it may be that the warnings of the British visitors also had some effect. Shortly afterward the Chinese Communist policy on the population question began to change, quietly and gradually since a major point of Marxist theory was involved. In September 1954, in a speech to the National People's Congress, the non-Communist Shao Li-tzu advocated in restrained language the adoption of a program of birth control. The reason which he gave was the strain which a large increase in population would place on China's already overcrowded educational system.

After that there was a steadily increasing volume of exhortations, by high ranking Communists and non-Communists alike, to the Chinese public to adopt birth control, later marriage, and in some cases sterilization. This propaganda was backed by concrete measures taken by the Ministry of Health. The indications are that this program has had some effect in the cities, but not much as yet in the countryside where probably four-fifths of China's population lives. Population control is apparently not being propagated among the national minorities, whose rate of increase is much lower than that of the Chinese and whose disappearance would seriously embarrass the Chinese Communist claim to be fostering their welfare.

In the course of this propaganda, it is never publicly admitted that it makes nonsense of the orthodox Marxist view on population. The rationalizations advanced all deal with the probable strain on the economy and health of the country of a continued increase in the population.

5. Probable Rationale of Chinese Communist Colonization

Given China's enormous and rapidly growing population, it is easy to suggest one possible reason why the Chin-

ese Communists might want to colonize comparatively sparsely populated regions, whether inside or outside China's frontiers. That reason of course is to provide relief to overcrowded urban areas in eastern China such as Shanghai. This reason undoubtedly does operate, and yet it cannot be the only or even the major one. For even a resettlement program of huge scope could barely siphon off the equivalent of the annual population increase in eastern China, let alone give any real relief to the existing situation except in certain selected areas.

Another reason is the undoubted determination of the Chinese Communists to develop the economies of their border regions, which contain considerable unexploited natural resources, are remote from possible attack (except from the direction of the Soviet Union), are well situated to receive technical aid from the Soviet Union, and contain unused land which could be brought under cultivation with sufficient irrigation. Even though this consideration undoubtedly influences the Chinese Communists, however, it can hardly justify by itself a really massive program of colonization. The present rather considerable degree of economic development of the Soviet Far East has been achieved with a population (in that area) of only about five million, and that of Soviet Central Asia with a population not much more than twice that. The large population of Manchuria (over 40 million) is the result less of governmental development programs than of voluntary migration of Chinese peasants in search of vacant land. No comparable amount of arable land is believed to be available in Chinese Central Asia.

A more important reason, in all probability, is political, in the broad sense of the term. The larger the Chinese population of Inner Mongolia, Sinkiang, and Tibet becomes, the easier it will be for the Chinese Communists to maintain complete political control of those areas as against the indigenous minorities and as against possible Soviet penetration, and the easier it will be for the Chinese Communists to impose their influence, or even penetration, on the Asian territories of the Soviet Union, if they ever decide seriously to attempt to do so. It may be that the establishment of numerous "autonomous" areas in China's border regions has as one of its main purposes the concealment of increasing Chinese immigration and control.

A fourth possible reason is cultural in nature. Political control will be reinforced if Chinese settlers also act as a channel of Chinese cultural influence on the minorities. This is not to say that the Chinese Communists will try to force traditional Chinese culture in toto, or at once, on the minorities. The preservation of minority languages and the periodic rebukes to Chinese cadres for displaying "great Han chauvinism" in their relations with the minorities argue against such a supposition. On the other hand, the strong trend toward Russification of non-Russian minorities in the Soviet Union is likely to find its counterpart, even if a milder counterpart, in Communist China as colonization progresses.

If this happens, it will not be traditional Chinese culture intact which the Chinese Communists will seek to propagate, but a purified version (from their standpoint). The fact that they are by no means enthusiastic about all aspects of China's traditional culture is indicated by a wealth of evidence. In 1942, for example, Mao Tse-tung referred to it as "feudal," and to the partially westernized culture of the 19th and early 20th centuries as "comprador" (a term used to describe a Chinese agent of a foreign firm), and called instead for the emergence of a "revolutionary" culture. Since 1949 the Chinese Communists have done their best to suppress or modify drastically most of the essential

features of traditional Chinese culture: religion and superstition (both of which are combined in Taoism, an ancient cult which has been severely repressed), political thought (especially Confucianism), much of the family system (especially parental authority and its extension beyond the grave, ancestor worship), those aspects of traditional science and technology (except medicine and some handicrafts) which can be replaced with something more modern, and the writing system (which the Chinese Communists were gradually modifying into an alphabetical system until 1957, when public opposition compelled them to abandon this reform).

On the other hand, this disapproval has not been total. The Chinese Communists have at least tolerated, and in some cases actively encouraged, the following aspects of traditional Chinese culture: much of the political tradition (especially the concepts of political unity on a cultural basis, and a superior attitude toward other peoples), traditional medicine (the complete replacement of which with modern medicine would divert money from economic development), many ancient customs, and much traditional literature.

On these retained elements the Chinese Communists have grafted many new and specifically Communist ones, such as huge printings of Mao Tse-tung's writings and translations of Soviet works. It appears, then, that they are evolving a synthesis of certain elements of the traditional culture which they consider acceptable, or at least harmless, with new "revolutionary" elements. It is safe to assume that they intend to propagate this cultural synthesis sooner or later among the national minorities as a supplement to existing political controls; indeed, they have already begun to do so. This synthesis is capable, at least in theory, of projection among peoples living outside China's frontiers as well as among peoples living within them. In either case, colonization is an excellent vehicle.

It is likely that all four possible reasons given for colonization of China's borderlands—demographic, economic, political, and cultural—are valid and operative; and that the political is the most important.

6. Colonization of China's Borderlands

Even in the early post-"Liberation" years, when the Chinese Communists were denying that there were too many people under their control, they could not deny that they were very unevenly distributed. A line drawn from Tengchung, in Yunnan, northeastward to Heiho on the Amur River would have divided the territory ruled by the Chinese Communists into two parts roughly equal in size, but with about 96 per cent of the population living to the east of the line and only about 4 per cent to the west of it. To the east of the line many of the river valleys and urban areas were distinctly overcrowded. To the west of it, the sparsity of population impeded both economic development and Chinese political control, as against both the non-Chinese indigenous minorities and as against possible influence from outside, from the Soviet Union in particular.

Soon after 1949 the Chinese Communists began to move some people out of overcrowded eastern urban centers, especially Shanghai, and into border regions such as Manchuria and Northwest China. The resettlement program was greatly accelerated in 1955, probably for four major reasons. One was the impact of the census and Peking's heightened concern over the population question. Another was that the First Five Year Plan called for large scale industrial development in remote frontier towns such

as Paotow and Lanchow and the exploitation of natural resources in the surrounding regions. Another was that following the floods of 1954 and the initiation of agricultural "co-operativization" in earnest in 1953 there had been a sizeable "blind influx" of peasants into the cities, which must have further aggravated the already serious economic and police problems there. Finally, the dissolution of the Sino-Soviet joint stock companies established in 1950 had probably increased considerably both the Chinese Communists' freedom of action in their own frontier regions, especially Sinkiang, and their determination to tighten their own grip on these regions.

It is estimated that about 700,000 Chinese were resettled in the frontier regions during 1955, and another 700,000 during 1956. This is only the first installment of a vast movement, which it is believed may run as high as 70 million during the next decade. In Manchuria, people from nearby provinces of North China are being resettled along the lower Sungari River, not far from the Soviet frontier, and in other black soil areas of Heilungkiang. There is a steady flow into the Paotow region of Inner Mongolia, where the Mongols are already heavily outnumbered by Chinese. In Kansu, the area around the growing rail center and industrial city of Lanchow is receiving a stream of immigrants, scheduled to total two or three million. Lanchow itself grew from roughly 200,000 to 500,000 between 1949 and 1956. Furthermore, Kansu absorbed Ningsia in 1954, so that the territories of the Mongol and Moslem nomads of Ningsia were rendered more vulnerable to possible Chinese colonization. In Sinkiang, with its huge area and important undeveloped resources, large scale resettlement is occurring along the Manass River (in Dzungaria) and around Urumchi. Tibet is scheduled to receive about five million immigrants, mainly in the Tsaidam Basin of Tsinghai and the Chamdo area of western Sikang. Hainan Island in the extreme south, which can produce substantial quantities of important tropical products including rubber if properly developed, is to receive about 1.4 million settlers.

These are some of the principal areas to which the immigrants are being directed. They come from most of the especially densely populated areas of eastern China: Hopei, Shantung, Shanghai, and the coastal provinces of South China in particular. Many are demobilized soldiers. Except for military units and forced labor battalions, both of which are present in the frontier regions but are only a minority as compared with other Chinese in the same regions, it does not appear that direct compulsion is widely used in the resettlement program. More probably intensive and harassing propaganda, mass meetings, and perhaps the intimation of discrimination in the event of refusal, plus difficult economic conditions in the crowded coastal regions are enough in most cases to produce the desired result. And yet resettlement is certainly not universally popular. The Chinese have always tended to shun the frontier areas, and exile to one of them under the old empire was regarded as a terrible punishment. There are indications that many of the settlers are unhappy in their new homes, where they are generally organized into "cooperatives," given a small subsidy, and put to work clearing land, constructing irrigation works, farming, working in factories and mines, and the like.

The important but very gruelling work of building roads and railways in frontier regions seems to be left largely to special military units and forced labor battalions. The construction of communications in the frontier regions, which is proceeding at a rapid rate, is important in several respects. For one thing, it helps to insure the political

control of the frontier regions by Peking. It obviously promotes economic development and the extraction of minerals. It facilitates trade both with China proper and (in the case of the Lanchow-Sinkiang railway now under construction) with the Soviet Union. It also tends to accelerate the inflow of Chinese settlers. This seems to have been especially the case in the Chamdo region of Tibet, where newly built highways were used extensively to bring in settlers from China.

The economic development of China's frontier regions and their peopling with Chinese agricultural colonists and industrial workers is bound to have a profound effect on the largely pastoral peoples who are indigenous to those regions. The most probable result is eventual inundation and absorption or annihilation. We know that Chinese immigration into Inner Mongolia and eastern Tibet during the years preceding the Revolution of 1911 produced serious unrest among the indigenous inhabitants. It would be unreasonable to suppose that this prospect is any more welcome to the minorities today, but for the most part the areas in which they live are so remote and isolated from the outside world, and Chinese political control is so effective, that there is no way of measuring their discontent. In the case of Tibet, which borders on India and therefore has some contact with the free world, there is some evidence as to how the inhabitants have reacted. Chinese colonization in the Chamdo area, combined with general heavy-handed Chinese policies and the announcement that "autonomy" would shortly be conferred on Tibet, brought on a revolt in the spring of 1956 in which the Chams were apparently the most active element and which seems to be still in progress. As a sop to the Tibetans the Chinese Communists have since promised that "democratic reforms" (i.e., land redistribution) would not be introduced during the period of the Second Five Year Plan (1958-62) and that most Han Chinese cadres would be withdrawn from the country. There is no reason to think that these promises are anything but a tactical maneuver, or that they indicate a trend toward abandonment of the colonization program in Tibet or elsewhere.

7. Colonization Outside China's Frontiers

Before 1949, the main Chinese colonies in Asia, outside China's present frontiers, were located in the Soviet Far East and in Southeast Asia. When the Imperial Russian government annexed the territories to the north of the Amur and to the east of the Ussuri Rivers in 1858-60, the Chinese colonies in these territories were small and of fairly recent origin. With the building of railways and acceleration of economic development in the area in the 1890s, considerably more Chinese immigrated. By the turn of the century the Chinese community in Vladivostok was the largest single civilian group in the city. After the extension of Bolshevik control over the area in 1922, the Chinese in the Russian Far East were officially conceded to have a corporate identity as a national minority, although they were of course squeezed out of the field of private commerce and into agriculture and manual labor. In 1937, when Stalin's Great Purge was at its height, the blow fell. The Far Eastern University at Vladivostok, which had Chinese and Korean departments, was abolished. Both the Chinese and Korean communities were deprived of their cultural identity, and many of their members were transported to Central Asia.

There is no need to repeat here well known facts about the location and composition of the Chinese communities in Southeast Asia, except to emphasize the fact that they have shown themselves capable of engaging in a

very wide variety of occupations, including (in one country or another) large scale and small scale commerce, banking, money lending, lumbering, and unskilled labor in mines and on plantations. As for immigration, there has been a sharp falling off since about the early 1930s as a result of local restrictive legislation and the Depression, followed by the Second World War. In the early years after the war a resumption of immigration, largely illegal, occurred into at least three countries (Burma, Vietnam, and Thailand). Since 1949, however, there seems to have been little immigration (except into Burma), partly at least because of Chinese Communist emigration restrictions. In some cases (notably Malaya and Indonesia) there has been a net flow of Chinese back to China, mainly for educational purposes. In such cases Southeast Asian governments are reluctant to grant re-entry permits, and the Chinese in question seldom apply for them. Thus the Chinese communities in Southeast Asia (again except for the case of Burma) are becoming increasingly cut off from China, at least in a demographic sense. Even without further immigration, they are likely to grow in numbers in the future by natural increase, which is usually considerable; in Malaya, for example, the Chinese population is increasing at a rate of about 3 per cent per year, as against 2 per cent for the Malays.

A glance at a map shows that there are only a few directions in which Chinese emigration could take in the near future. Countries which do not share a frontier with China, such as the Philippines, Japan, or Indonesia, are out of the question so far as large scale movements are concerned, except in the extremely unlikely event that their governments invited Chinese settlers in. China's longest land frontier is with the Soviet Union, but it is closely guarded on the Soviet side.

The other three Asian Communist states are possibilities which deserve consideration. Outer Mongolia is huge and sparsely populated, and it has received about 10,000 Chinese laborers and technicians during 1956-57 to whom it has granted the right to acquire local citizenship, but it is remote from the major Chinese population centers and presumably in control of its frontiers. Still, the completion of a broad gauge railway linking Ulan Bator with Inner Mongolia and Peking in 1955 could conceivably make possible a movement of Chinese into or through Outer Mongolia. North Korea received a large influx of Chinese soldiers and laborers during the Korean War. Many of these, or their replacements, still remain, probably living largely off the country and thus not very different from colonists. Furthermore, North Korea is connected by rail with major population centers in the Liao Valley and North China. Nevertheless, it is a fairly small and not very fertile region, although it contains valuable timber and minerals. The principles of "proletarian internationalism" and the shortage of food would probably inhibit any permanent flooding of the area with Chinese settlers, and by the same token the resources of the area would presumably be available to China on the basis of mutual trade. North Vietnam too is linked with China by rail connections, which are being steadily improved, is situated close to a major population center in Kwangtung, and contains valuable minerals. Nevertheless, its arable areas are already densely populated, and its government appears to be in full control of its frontiers.

If, however, the suspicion expressed earlier that "autonomous" regions in China's frontiers serve to mask increasing Chinese immigration and control has any validity, there may be considerable long range significance in the recently announced decision to create "autonomous" areas with the

status of provinces in Ningsia and Kwangsi. These areas border respectively on Outer Mongolia and North Vietnam.

India shares a long land frontier with China, but it is afforded considerable protection by huge mountain ranges and its present remoteness from major Chinese population centers. Some of this security is likely to disappear, however, as colonization and development of communications proceed in Tibet.

Virtually the only possible recipients of large scale Chinese immigration in the near future are Burma, Laos, and Thailand. Of these the first two have a low population density (80 per square mile and 20 per square mile, respectively), but much of their territory near the Chinese frontier is incapable of supporting large concentrations of population. Furthermore, the population density of the adjacent Chinese province of Yunnan is also fairly low (about 120 per square mile). The writer has no information to indicate that immigration of Chinese is now going on into Laos or Thailand. Nor, for that matter, does he know of any public statement by a Chinese Communist indicating any intention to colonize adjacent territories; in the nature of things, such a statement would never be made. There is abundant evidence, however, of Chinese colonization in Burma.

There is no space for a discussion of all aspects of Sino-Burmese relations, but only of the problem of Chinese immigration into Burma. This has been going on across the Yunnan frontier since about the end of the Second World War. It is believed that the present Chinese population of Burma numbers about half a million, as against about 300,000 before the war, the increase being due mainly to immigration rather than to natural increase. Until 1956, most of this immigration had occurred during the period of civil war in China. From 1949 to 1956 the Chinese Communists generally seem to have followed a policy of prohibiting emigration to Burma.

Shortly after the outbreak of revolt in eastern Tibet in the spring of 1956, however, the Chinese Communists became feverishly active along the Burmese frontier. The most conspicuous aspect of this activity, and one whose connection with the Tibetan revolt is all but certain, was the movement of Chinese troops into the Kachin State in July. Of even greater importance, perhaps, was a lifting of the ban on emigration in May. The Chinese authorities began to issue exit permits in large numbers to illegal emigrants to Burma. Since then they have been entering from Yunnan and even Thailand at the rate of at least one thousand per month, at various points along the entire Burmese eastern frontier from Putao in the Kachin State to Victoria Point at the extreme southern tip of Tenasserim.

Although some of the immigrants are Shans and Kachins, the majority are Chinese women from Kwangtung and Fukien, rather than Yunnanese. Many of them have relatives already in Burma. The majority are not caught; those who are generally tell stereotyped and apparently fabricated stories of being refugees from unbearable conditions in China. They often have forged Foreigners' Registration Certificates purporting to date from before 1949. These are provided by an underground organization with headquarters in Rangoon which is well supplied with funds (it costs about 2,000 kyats, or \$400, to bring in a single immigrant) and supplies the parties of immigrants with guides who steer them from the points of entry to towns in various parts of Burma.

Those immigrants who settle in the Kachin State often go into business and smuggle textiles, salt, and other com-

sumer goods across the frontier into Yunnan, where they are in short supply. In view of tight Chinese Communist restrictions on the movement of goods in the other direction, their most conspicuous import into Burma is opium.

This influx of unwanted Chinese has aroused serious concern in Burma. It has certainly been among the topics discussed in the Sino-Burmese conversations on the frontier question which began with U Nu's visit to Peking in October 1956, although no official statement to this effect has yet been issued. In August 1956 it was announced that, at Peking's request, the Burma Road would be reopened about the end of the year. Even when the road had been originally opened in January 1939, Burman politicians had expressed fears that it might serve to bring in Chinese immigrants, and that fear seems much more justified today. In February 1957 it was reported that the Government of Burma intended to form mobile frontier police units to check the influx of immigrants. Already Burmese officials had begun to take sterner action against illegal immigrants and those who helped them. One such official promptly began to receive anonymous threats. On November 8, 1956, a group of 250 Chinese Communist soldiers threatened to enter the town of Lweje unless nineteen Chinese who had crossed the frontier illegally and been arrested were turned over to them; when the prisoners were delivered up, the troops withdrew. This action was all the more surprising because until shortly before the Chinese Communists had generally either refused to receive illegal immigrants who had been arrested by the Burmese authorities, or in some cases had shot them after receiving them.

The influx of Chinese into Burma presents an important but difficult problem in interpretation. It is clear that it is not merely a 'spontaneous movement of refugees from political oppression or economic distress. The Cantonese and Fukienese origin of the majority of the immigrants, the ready issuance of exit permits by the Chinese Communist authorities in recent months, the careful organizing and financing of the movement inside Burma, and the action by the Chinese soldiers just mentioned are enough to show that. The Chinese Communist regime is directly involved in the movement and probably directs it through its embassy at Rangoon and its consulate at Lashio.

If this is so, one wonders what the purpose is. It does not seem to be merely to relieve overcrowding in Kwangtung and Fukien, for the flow is not large enough for that. It is large enough, however, to have a considerable impact on sparsely populated, underdeveloped Upper Burma. The object, then, seems to be not so much to relieve conditions in China as to influence conditions in Burma. In fact, the most reasonable interpretation is that the Chinese Communists hope, by means of this glacial flow, to colonize as much of Burma as possible for the purpose of increasing Chinese economic and political influence there, and with the ultimate objective of redirecting Burma's political and economic development toward mainland China. The heavy preponderance of women among the immigrants points to a plan for permanent settlement. That the Chinese Communists have no intention of stopping the flow is indicated by the fact that, although it was reported shortly after the July 1956 incursion that they had agreed to include the immigration question in the Sino-Burmese discussions then going on, no agreement on immigration has yet been announced.

In addition to the possible strategic advantages to the Chinese Communists of a flow of Chinese into Burma, it might also give them access to the badly needed rice surpluses of Lower Burma. Perhaps this is what Cho En-lai

had in mind when he told the Chinese community in Burma not long ago to intermarry with Burmese, adopt local citizenship, and learn the Burmese language. This of course would be very long range planning, but there is a great deal of evidence that the Chinese Communists often do plan in this way.

8. Possible Future Trends

It is clear that the Chinese Communists are engaged in a large scale program of resettling people from the densely populated regions of eastern China in the sparsely populated frontier regions. In addition to relieving population pressure in the former, this will have the effect of accelerating the economic development of these regions. It is also likely to build up in time a considerable demographic pressure against China's frontiers and to pose a serious problem to the other countries across the frontiers. This pressure is not likely to be eased significantly by the policy of attempting to reduce the birth rate which the Chinese Communists have adopted, in quiet defiance of Marxist orthodoxy, since 1954. It will almost certainly be increased by the construction of railways and highways in the Chinese frontier regions.

Assuming that this pressure will exist, in which directions is it likely to seek an outlet? Here a distinction must be made between the near and the distant future. Except for the special case of North Korea, which accommodates and probably feeds several hundred thousand Chinese on the plea of military necessity, almost the only country to which Chinese can and do emigrate in sizeable numbers at the present time is Burma. This seems to be the only major possible outlet in the near future.

In assessing the possibilities for the distant future, we must first ask what areas exist outside China's frontiers to which Chinese could emigrate if such emigration becomes politically possible. The densely settled river valleys of North Vietnam, East Pakistan, and West Bengal seem out of the question. So, for various geographic reasons, do Assam, the Himalayan region of India and Pakistan, and most of Outer Mongolia except for the portion near the Soviet frontier. Of the island groups off the Asiatic mainland only the Philippines and perhaps Sumatra offer much to the agricultural pioneer, and even there the possibilities are not very great in relation to China's need.

The colonization of Burma, however, would outflank Thailand in a demographic sense and render it, Cambodia, and perhaps Malaya vulnerable to eventual infiltration. This would appear to be the only direction in which any possibility for sizeable Chinese emigration to the south exists, even in the distant future.

To the north and west, however, lie the thinly populated regions of the Soviet Far East and Soviet Central Asia. Both of these, and especially the former, are capable of supporting a considerably higher population and considerably more agriculture (including the growing of dry rice) than they do at present, if properly developed. If emigration is to take place to regions beyond China's frontiers on a scale sufficient to make much of an impact on China's population problem, it can only be in one or both of these regions. If it occurs, it can only do so in the distant future. The Soviet Union is trying to populate and develop both its Far Eastern and Central Asian regions in much the same way that Communist China is doing in its own frontier regions. In both cases one object is certainly to develop their economies and thus contribute to the economy of the country as a whole, but another is probably to protect them against possible penetration from the other power, and a third may possibly be to serve as a

sort of offensive demographic base for ultimate penetration of the other's territory. Since Communist China has more than three times the Soviet Union's population and is increasing at a faster rate, it would seem to have a considerable advantage in this game. The recent announcement of a Sino-Soviet agreement to develop the resources and potentialities of the Amur basin may represent in part a tendency toward growing Chinese pressure from the Soviet Far East. It is unlikely that the Chinese Communists have forgotten, although they never mention publicly, the fact that Tsarist Russia took enormous territories from the Manchu empire to the north of the Amur, to the east of the Ussuri, and in Central Asia, during the nineteenth century. If these territories were restored to Communist China, they could do much to relieve its population problem.

It was considerations such as these which led a German doctor, the late Wilhelm Starlinger, who spent six years (1947-53) in a Soviet prison camp and had a good chance to learn the views held by at least some Russians on such questions, to predict that China's expanding population will seek an eventual outlet in the Asiatic territories of the Soviet Union rather than in Southeast Asia. Dr. Starlinger also pointed to the Amur region as the crucial region in Sino-Soviet relations and as a possible focus of conflict. It appears that, at least until recently, the Soviet Union has kept Chinese Communist activity along the Amur River to a minimum. In August 1956, however, a Sino-Soviet agreement was signed for joint exploration of natural resources in the Amur Valley and for long range economic development of the area. In combination with a number of later events, such as the visit of a workers' delegation from the Soviet Amur region to Manchuria in January 1957, this agreement seems to portend increased Chinese activity in the area and possible future demographic pressure on the Soviet Far East.

In the short run, however, it is China's southern rather than its northern neighbors which are most likely to feel the impact of whatever Chinese emigration does occur. Colonization of the involuntary, organized variety may be one, but probably not the most important, of the instrumentalities which Communist China employs against its non-Communist neighbors to the south in the course of the technically nonviolent policy of "peaceful coexistence" which it launched about 1954 and still pursues, with a few notable exceptions such as the incursion into Burma in 1956. Another will probably be the manipulation of overseas Chinese communities and the exploitation of the difficult question of their citizenship. Another will be contact with indigenous Communist Parties, as in Burma, Cambodia, and Laos. Another will be the stirring up of boundary disputes, especially with Burma and India, apparently as a means of putting diplomatic and psychological pressure on the countries concerned. Another will be "people's diplomacy," which involves such things as trade and aid, Communist style, and the exchange of cultural missions. Another will be continual propaganda stressing "peaceful coexistence," alleged traditional friendships, anticolonialism, anti-imperialism, and praise for neutrality. Another will be the utilization of "free" or "autonomous" governments on Chinese soil inhabited by minorities with relatives in neighboring countries, such as Burma and Thailand. Another will be the harboring and attempted manipulation of political exiles from neighboring countries, such as the Kachin rebel Naw Seng, the Thai politician Pridi Phanomyong, and the now returned Nepalese politician K. I. Singh.

The CPC's objective seems to be to use these technically nonviolent means, in conjunction with political and parliamentary activity by local Communist Parties and pres-

sure by Communist-infiltrated mass organizations, to bring China's non-Communist neighbors to align their domestic and foreign policies increasingly with those of the Soviet bloc and eventually bring them to "grow over" into "Socialism" without the use of formal violence. This program, which is also essentially that of the Soviet Union, was fairly clearly stated by Mikoyan in his speech to the Twentieth Congress of the Soviet Communist Party (February 1956), in which he said that it is possible for a small "bourgeois" country situated near a "Socialist" one (i.e., the Soviet Union or Communist China) to undergo a "transition to Socialism" by peaceful means. He also indicated fairly

clearly, however, that if the peaceful approach fails the international Communist movement is prepared to revert to violence, presumably in the form of strikes and insurrections rather than invasion. How long the peaceful approach will be tried before being discarded in the event of failure, it is impossible to say.

It is within the context of this overall policy of the world Communist movement, and of Communist China in particular, that the problem of Chinese colonization both inside and outside the frontiers of China must be considered.

TOWN AND COUNTRY IN CHINA

The Peking papers seem to have been preoccupied with two problems to the almost complete exclusion of all else in recent weeks. One is the purchase and the distribution of food grains and the other the necessity of correcting the widespread idea that the Party was neither omniscient nor omnipotent. Clearly the exhortations to, and pressure upon, the peasants and the APCs did not by any means attain the results expected, and accordingly the economic planners took a lowering look at the overgrown cities and decided that their rations must be reduced. Sales of food grains amounted to 42,000 million catties in all towns during the 1956-57 food-grain year and these sales ensured supplies for about 100,000,000 dwellers, stabilised the food-grain prices and gave a powerful aid to the economic construction. But sales of food-grains exceeded those for the previous year by 5,900 m. catties, and of this 1,500 to 2,000 m. catties represented excess sales attributable to too high consumption standards for some towns and town dwellers.

Since there is a general shortage the excess sale in the city must be stopped. The Peking People's Daily says that the irrational increase in the supply of food-grains to cities will disturb the equilibrium between the national target of collection and the national target of sale. In the circumstances, the State will be compelled to collect and purchase more grains from the peasants, to reduce the supplies for export, and/or to reduce the State reserves. Whatever is done, the long-range interests of the State and the people will be adversely affected. Therefore, the supply of food grains must be subjected to strict control in all cities. On the one hand, supply to meet reasonable needs must be ensured; and, on the other, loopholes in the supply of food-grains must be plugged, economy encouraged and waste opposed.

It is stated by some people that the supply situation in the cities cannot be reduced any further. They stress that the ration system has already been introduced in the cities and has been reorganised in the winter of 1956 and the spring of 1957. The supply standard for city dwellers had as a result been reduced by two catties or at least by half a catty. This view is resisted by the authorities, largely on the ground that there had been a good deal of waste under the existing supply. In Peking, for example, of 406 mess units recently checked up, 218 were found to be neglecting economy in food grains. They were found to have slackened control of the mess system, to have reported shortages that did not exist, to have made false claims on food grains, and actually to have held a "super-abundance" of food grains. This phenomenon, it was argued, could also be seen in other areas.

Another argument contested by the authorities is that if the city dwellers reduce their consumption even by as much as two catties, the quantity thus saved would not be large. The retort to this is that it could mean a difference of over 1,000 m. or even 2,000 m. catties for the whole country, which is quite enough to produce an important effect on the development of agricultural production and the stabilisation of the grain situation as a whole.

The significant statement is made in the People's Daily that economy in food grains is "not only of great economic significance but also of great political significance." It goes on to say that ever since the Government introduced planned purchase and sale of food grains and co-operativised agriculture, a number of anti-Socialist Rightists have ceaselessly sown discord between the working-class and the peasantry and exaggerated the difference that traditionally exists between workers and peasants into a preponderant difference "between paradise and hell." The peasants in general, not understanding the situation, will give credence to the story and become suspicious of the Party and Government policy. This psychological obstacle, if not removed, will hinder the strengthening of the worker-peasant alliance. Thus the lowering of the high supply standards in the cities will dispel further misgivings on the part of the peasants and enable them to "unite closely with the city dwellers to save food grains together."

City dwellers are asked, somewhat rhetorically, whether they will bear a grudge against the Party and the Government when they are required to reduce their consumption of food grains. It is argued that economy in food grains would actually not lower the living standard of city people. They have not been starving or felt any shortage of food grains in the past years when the system of planned sale of food grains had been in force. The present reduction in sales, it was contended, "is confined to the portion of waste instead of reducing the indispensable supplies." But if this argument proves as unconvincing as it sounds, the authorities think up another argument. After the liberation, the People's Government put a stop to the price rocketing, grain hoarding and speculation and a situation in which the people were actually short of food grains. Life was then stabilised for the people. The broad masses came to realise that the State grain policy is entirely correct and beneficial to the people. All that is needed is to explain clearly to the masses the political and economic significance of the economy in grain for national construction and for the strengthening of the worker-peasant alliance.

And what is more, if the effort is made good results were certain—in the view of the Government organ. .It

is shown that in Liaoning (where there was a drought this summer) the total quantity of food grains supplied to the cities in June was down by 15½ per cent. In Fushun, housewives were organised to save food grains amounting to nearly 1,900,000 catties between February and July this year. The total sales of food grains were down by 3,460 tons in 41 municipalities and county towns and the Yenpien Korean autonomous chou of Kirin as a result of a reorganisation of planned sale and reduction in irrational consumption. It seems to have been quite a feat of organisation by the bureaucrats. The proper thing to do, apparently, is to go to the dwellers, calculate the consumption together with them, and then "arouse the masses to devise ways and means to save food grains." The aroused masses presumably make it quite plain to any recalcitrant householder that they are aroused! But it is rather hard when the Party keeps on insisting that the standards of living have been raised, are being raised and will continue to be raised. That is one reason why the people are undoubtedly eating much more than before, and it is this rather than sheer waste—never a very common trait in China—that is responsible for the failure of the planning. And the ration system is one of the things the Chinese people want to be liberated from.

The trouble seems to be that the regime cannot satisfy both the peasants and the greatly increased urban population. It cannot avoid oscillating between the two, with a natural prejudice, not common in Communist Parties, in favour of the peasants. Even the more sophisticated and urbanised of the Party leaders have had to spend a large

part of their political life deep in the countryside, and certainly the regime has done a great deal to help the peasants, though the latter are now trying to turn the tables on the State by exploiting it as much as the State wished or tried to exploit the peasants. The State laid it down in 1953 that for the ensuing three years there should be no increase in the burdens put on them, and in 1956 the target of the agricultural tax, excluding surtax, was set at 34,900 million catties—300 million less than the actual collections in 1952. Regions which sustained calamities had the target reduced by 2,900 m. catties, and they were given relief from the primary school tax. The reduction and exemption of agricultural tax, including surtax, totalled more than 10,000 m. catties in 1956—equal to the total agricultural tax in an ordinary crop year of the seven provinces of Honan, Kiangsi, Hupeh, Hunan, Kwangtung, Kwangsi and Fukien. Yet this, and the unpaid State loans, as well as other concessions led to a per capita rise in income of the peasant from 521 in 1952 to 580 catties in 1956. The small margin suggests that much of the work done for the State by labour power is unpaid. And it has also been argued that inadequate use is made of it. Statisticians have asserted a discrepancy of 2,100 million working days between labour power and utilisation, and that therefore a still more intensive mobilisation and use of peasant labour is required to raise the yield per hectare; to increase conversion of wasteland; to increase the multiple crop areas; to develop multiple undertakings according to local conditions; to ensure increased production by battling against natural disasters; and to ensure water and soil conservation.

CATHAY PACIFIC AIRWAYS

Cathay Pacific Airways Ltd., Hongkong, have now been operating for some 10 years, and from the small beginning, there has developed a regional airline carrying world-wide recognition and an excellent record for utilisation and punctuality. The progress of this independent British airline, who operate with British and Australian pilots and engineers, reflects great credit on those responsible for its efficient maintenance and operation. John Swire & Sons and their associates hold a controlling interest in C.P.A., other shareholders are the P. & O. Steam Navigation Co., London, Australian National Airways, Melbourne, and the Borneo Co., Ltd., London.

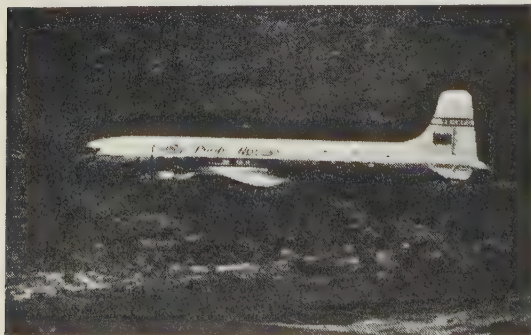
Present day operations are in many respects a model of high utilisation, combined with administrative efficiency. The fleet consists of a DC-6, a DC-4 and a DC-3, yet a formidable amount of work is achieved. The DC-6, registered "VR-HFG" is Cathay Pacific Airways' most recent acquisition; she was bought from Pan American Grace Airways. She operates three times weekly, Hongkong/Bangkok/Singapore and return, and one week, Hongkong/Singapore direct and return. This aircraft also operates twice weekly, Hongkong/Manila and return. The DC-4 "VR-HFF", which was purchased from Canadian Pacific Airlines in 1954 to replace the gallant and well-known "VR-HEU" operates twice weekly, Hongkong/Bangkok/Rangoon/Calcutta and return, once weekly, Hongkong/Saigon/Kuala Lumpur/Singapore and return, and also operates services between Hongkong, Manila and British North Borneo.

C.P.A.'s centralisation of engineering is a major factor; all aircraft return to Hongkong within, at

the most, 30 hours of their departure, so that all maintenance is done in the same place, by the Hongkong Aircraft Engineering Co., Ltd., which enables C.P.A. to operate at a high utilisation without any loss of reliability. Each aircraft also spends 24 continuous hours each week in the hands of the engineers.

Cathay Pacific Airways have operated a total of 11,500,000 miles since the reorganisation of the Company in 1948, and have carried 145,000 passengers. This considerable achievement should be a source of satisfaction to travellers as a measure of this Company's experience in passenger carrying and their high regard for their responsibilities. Mail authorities and shippers of freight have also come to rely more and more on the regularity of this airline.

Two new services were started during 1957—once a week from Hongkong to Phnom-Penh (Cambodia) and return, and once a week from Hongkong to Kuala Lumpur and return. A weekly service from Hongkong to Vientiane in Laos and return may soon be in operation. So C.P.A. carries on with the task of developing and improving air services between Hongkong and important centres in South East Asia. A brand new DC-6B, with 75 comfortable seats will join the fleet in June 1958. Orders have been placed for two new Lockheed Electra aircraft for delivery in the middle of 1959 after a searching study of traffic trends and the suitability of new aircraft for the routes on which C.P.A. will be flying in the 1960's. The "Electra" will fly at over 400 m.p.h., and will be powered with Allison engines and fitted with weather radar.



Cathay Pacific Airways over Hongkong with sheer mountains as backdrop.



One of the planes of C.P.A. above some scenic beaches of Hongkong.

AVAILABILITY AND PRODUCTION OF LIGNITE IN THE FAR EAST

The predominance of lignite deposits in many countries of the Far East, the limited occurrence of higher-rank coals in a few, and the shortage of coking coal in all countries except possibly mainland China and India are the chief characteristics of the coal resources of the Far East. The increasing development and larger utilization of lignite resources is thus of considerable importance. Due to the lack of adequate geological survey and mineral exploration, the exact extent of lignite reserves, like that of other mineral reserves, is not yet known. However, geological survey work during the past decade has already shown that there are larger reserves in a number of countries, such as India, Pakistan, and Thailand, than was previously thought. From the available information, it is obvious that coals of British Territories in Borneo, Burma, China: Taiwan, Indonesia, Malaya, Nepal, Pakistan, the Philippines, and Thailand are largely, if not exclusively, of Tertiary age, and Tertiary coals are generally lignitic. Substantial reserves of lignite are also known to occur in mainland China, India, Japan, and Korea.

It is true that in certain areas, Tertiary lignite has been metamorphosed, resulting in the lowering of volatile matter content and consequently the increase of fixed carbon content. This improvement of young coals to higher-grade coals by metamorphism is found in such countries as Indonesia, Pakistan, and the Philippines, and Assam in India. In general, however, lignite is a low-grade coal. This, together with the unfavourable location of certain deposits, has hindered its development in many countries of Asia.

Lignite has been developed in many countries outside the region. In Australia, the lignite industry in Victoria and South Australia occupies an important place in the economy of these states. It has become the basic source of a cheap and efficient fuel for the generation of electricity and for many other industries. The annual production of lignite in west and east Germany reached a total of 268 million tons in 1955. Lignite in fact forms the backbone of the industrial development of eastern Germany. Austria, the United States of America, Yugoslavia, and several other countries are also important producers of lignite.

In the Far East, increasing attention is also being paid to lignite development. A brief survey of the current situation in regard to the lignite development of countries of the region is given in the following sections.

The term "lignite" is of French origin and was first used to refer to deposits of dark brown, firmly consolidated, banded, low-rank coals of the type common in early Tertiary sedimentary strata. The so-called "brown coal" first came into use in central Europe, where the extensive deposits of low-rank Tertiary coals occur. In general the European brown coals are characteristically loosely consolidated, brown, and granular in texture and they commonly contain "woody" layers. According to the ASTM system of classification, the term "lignite" is applied to coals having heating values of less than 8,300 BTU per pound (4612 kcal/kg) on a moisture- and mineral-matter-free basis. By this system of classification, lignite coals are separated into two groups: lignite and brown coal. Lignite is defined as consolidated variety and brown coal as unconsolidated. Although lignite, by its position and description in the classification chart, is indicated as being further ad-

vanced in rank than brown coal, the rank differentiation is not based on analytical evaluation.

In this report, the term "lignite" is used in a broad sense. The quality of lignites of countries of Asia varies very widely, and this makes generalizations difficult. For this practical reason and in order to ensure a uniform treatment of this problem, the term lignite used includes all types of coals ranging from those with high moisture content (50 to 60 per cent or more) through soft or brown coal (which has a comparatively higher calorific value) up to low-grade sub-bituminous coals (pitch coals) or lignitic coals. At the same time, certain qualities, such as high moisture, low calorific value, friability, and in some cases, high ash content are common to all these coals.

Burma

Coals ranging from the Mesozoic to Tertiary age have been found in Burma. So far as quantity is concerned, the Tertiary coals are the most important, and these coals are largely of a lignite type. The important known areas are Lashio, Mansang, Namma, Palaung, Kelewa, Shwebo, and Theindaw-Kawmapiin, Mergui district. Owing to the high percentage of volatile constituents and of moisture, the calorific value is usually low. Many of these coals also disintegrate into small fragments on exposure to air. For these reasons, attempts made in the past to exploit these deposits had not been successful. However, determined efforts are being made by the Government to exploit the deposits near Kalewa in Upper Chindwin district. This deposit has been carefully explored during past few years. This exploration has resulted in the discovery of new seams which are reported to contain a better (sub-bituminous) grade of coal than existed in the old seam. Production is now about 50 tons per day, and at the beginning of 1956 the first locomotive heated with Kalewa coal reached the capital city of Rangoon.

Local combustion tests on conventional grates in the fire boxes of boilers and locomotives of the Burma Railways and Inland Water Transport indicated the necessity of mixing this coal with Indian coal, or briquetting it. However, it was found that unprocessed coal from the old seam was suitable for use as a pulverized fuel on a pneumatic spreader stoker. Suitable methods for briquetting were subsequently investigated. Further testing is being done in west Germany.

A preliminary study has been made of methods of transportation of coal. It is planned to transport the coal by small shallow draft barges from the mine to large Irrawaddy River barges or to a rail head. The market for Kalewa coal depends to some extent on its characteristics which are being ascertained by tests now being made, and on the development of industry and hydro-electric power. Target production from the Kalewa field has been fixed at 300,000 tons per annum. In the meantime, lignite deposits which are more favourably located than the Kalewa are being investigated.

China

Not much attention has been paid in mainland China to lignite development in places where high-grade coals are abundant, such as those in North and Central China. Yun-

nan in Southwest China is reported to possess rich lignite reserves. There are three principal lignite deposits in Yunnan province: the Kopaotsum deposit located about 45 km east of Kunming, the capital of Yunnan; the Puchaopa deposit, about 15 km north-west of Kaiyuan city; and the Chaotung deposit on the northeastern border of Yunnan province.

The Kopaotsum lignite field occupies an area of 15 km². There are two workable seams with a thickness of 2 to 3 m. each. The total reserve is estimated at 35 million tons. The Puchaopa deposit has an estimated reserve of 120 million tons. It lies less than 50 m. below the surface, and hence it could be mined by open-cut method. The Chaotung lignite deposit has an estimated reserve of 100 million tons. The seam lies very shallow under the surface (2 to 8 m.). Its thickness varies from a fraction of a metre to 15 m., averaging about 4 m.

There is another large lignite deposit located at Chailainor in northeastern China. The northern margin of the field is only a little over 10 km from the Soviet border. The deposit was explored repeatedly by Chinese, Japanese, and Soviet geologists. The reserve figure is commonly estimated at 444 million tons. There are a number of lignite seams in the deposit. The first or top seam has a thickness of 3.2 to 21.3 m.; the second seam, 2.5 to 8.5 m.; and the third or lower seam, 1.5 to 2.7 m. There are intervals of 215 m. between the first and second seams, and an interval of 35 between the second and the third seams. During the war, the Japanese commercial interests developed several open-cut mines in this area for railway and domestic fuel.

Coals in Taiwan are almost exclusively of Tertiary age. There are three important coal-bearing series, upper, middle, and lower. The coal in the upper series has high moisture and ash, but low fixed carbon content. It is moderate in calorific value and approaches the rank of lignite. The other two series are well carbonized, mostly high in volatile matter.

India

Geological survey work during the past decade has shown that much larger reserves of lignite occur in India than was previously thought. The Palana deposit has been under active exploitation and unprocessed lignite from this source is used in two power houses in Rajasthan. Samples of Palana lignite were tested and it was found that the lignite could be briquetted with the addition of some binders. The high sulphur content, however, renders it unfit for locomotive fuel.

Important lignite deposits occur in the Neiveli area, South Arcot district, State of Madras. The field has been sufficiently located to the extent of approximately 260 square km, assuring the presence of a deposit of 2,000 million tons, thus ranking as one of the largest lignite deposits in the world. The quality of the lignite is similar to the German lignite, viz. 50 to 55 per cent of water and a low ash content. The lignite is suitable for briquetting. The structure of the lignite seam is such that it can be mined by open-cut working. The thickness of the overburden varies between 50 and 70 m., the average being 60 m. in the zone to be worked in the next few years. The thickness of the lignite varies between 10 and 22 m., the average being about 16 m. The average overburden to lignite ratio is about 3 to 4:1, that is, 4 cu. m. of overburden for one ton of lignite.

Drillings done in the past have shown that there are aquifers in the deposit, which will have to be pumped out during the mining operations. The de-watering measures have been carried out for a year and will be completed

before long. The de-watering is accomplished primarily by deep bore wells fitted with either timbine or submersible pumps which deliver the water to the surface. After drainage is completed to a sufficient extent, the opening up and development of the open-cut mine can be commenced. Machinery and equipment of an estimated cost of Rs 54 million has already been ordered.

The Neiveli lignite deposit is of considerable importance for the economic development of South India. With the exception of the Singareni coalfield, which is located about 500 km north of Hyderabad, Neiveli lignite is the only mineral fuel so far known to exist in South India. Singareni coal has a high ash content, which is also a disadvantage to its consumers.

The main source of power supply in the State of Madras now is the hydro-electric system. During periods of drought, there have been drastic cuts in the power supply to the industries. Power supply can be better assured when the hydro-electric supply is supplemented by power from thermal generating stations. For this purpose, a sufficient supply of solid fuel is necessary and Neiveli lignite will be able to meet this need.

The present cost of coal to the different parts of the State of Madras varies from Rs 35/- to Rs 75/- per ton depending on the distance and the mode of transport from the place of origin. It would be quite reasonable to expect that even if the cost of mining and processing the lignite amounts to Rs 35/- per ton, it would still be economical to work the lignite by the open-cut method over a fairly large area.

By developing the lignite mines in South Arcot, a large number of wagons required for transport of coal from the North to the South and to the ports would be released for other essential transport. The ports would be relieved of the pressure of loading and unloading coal for South India and thus would be better able to deal with other traffic.

In the second five year plan of India, high priority has therefore been given to the development of the Neiveli lignite deposit. The development programme envisages the mining of 3.5 million tons per annum of lignite which is to be used for: (a) generation of power in a station of 211,000 kw capacity, (b) production of briquettes to the extent of about 700,000 tons annual capacity (with provision for production of carbonised briquettes also), and (c) production of 70,000 tons of fixed nitrogen in the form of urea and sulphate/nitrate.

The plan makes a provision of Rs 520 million for this project.

In the long run it may also be possible eventually to smelt the large iron ore deposits located at Salem by using the processed products of the lignite for the production of pig iron.

Indonesia

No estimate has been made of the total lignite reserves of Indonesia. In a part of the Bukit Assam area (Sumatra), the amount of lignite has been estimated at about 2,000 million tons. East Borneo as a whole is considered richer in lignite than Sumatra, and the total reserves will certainly amount to many thousand million tons.

The lignite of Bukit Assam is a young lignite. By thermal metamorphism in connexion with andesite breakthroughs, the lignite has partly improved in quality. The calorific value varies between 5,000 and 6,500 thermal units. The normal lignite with a moisture content of about 15% was converted by volcanic action into hard coal up to anthracite. Even natural coke has been found here. It is rich in resin with little ash and sulphur content, and can be mined in large pieces.

There is a total of 6 seams in Bukit Assam area, of which two are being exploited by open-cast mining. Their thickness varies between 7 and 10 m. Two more seams which are located underneath have a thickness of 3 to 4 m. and 6 to 8 m. respectively and will also be mined when the open-cast mining is extended. The upper seam is overlaid by a clay cover of 30 to 60 m. which has to be blasted in part in order to enable winning by shovels and scrapers.

The output of this open-cast mine is scheduled to be increased from about 800,000 tons/annum at present to about 2 million tons per year under a plan of modernization. So far three bucket wheel excavators, two spreaders and 6 km belt conveyor have been ordered and are already under construction. The port of Palembang, which is located north of the mine, is being modernized to enable quick clearance of the ocean ships. Furthermore, a power plant of 10,000 kW and a small pilot carbonization plant for carrying out low-temperature tests are under construction. The erection of a large scale carbonization plant and the production of coke depends to a large extent on the results of the pilot plant. The recovery of montan wax is also under investigation.

Lignite from Bukit Assam is supplied to steam power plants in south Sumatra, Java and Bungka, railways, industries, gas works, steamships, etc.

The Umbilin field in central Sumatra which reached a maximum output of 780,000 tons in 1938 has little production at present. Ways and means for the maximum utilization of the coal are being investigated in order to see whether it would be justified or not to rehabilitate the mine, which is an underground one, up to its pre-war level.

In Borneo, there are lignite deposits both on the west and east coast. The more important deposits such as Pulu Laut and Batu Besar are situated on the east and south-east coast and thus have an advantage so far as transportation is concerned. Others, such as Mahakam and Parapatan, are located in the interior but can be reached via rivers.

Japan

In Japan, lignite deposits occur between Kyushu and northern Hokkaido. Small deposits have been found in most of the islands and in the majority of the 46 prefectures. The commercially important fields at present are in central and northern Honshu.

The exact extent of the lignite reserves in Japan is still undetermined. That they are considerably larger than estimated a few years ago is now reasonably certain. The Geological Survey of Japan reported 500 million tons in 1931. This estimate was revised by the Japan Coal Board in 1947 to 1,477 million tons. The Federation of Lignite Association at the same time placed the reserves at 2,101 million tons, which are distributed as follows: 60.5 per cent woody lignite, 32 per cent compact lignite and sub-bituminous coal, and 7.5 per cent peat. The average heat value for the most important deposits now under exploitation is 4,315 kcal/kg. This lignite slacks easily on weathering, contains 30 to 40 per cent moisture, and as a rule has a high ash content.

Lignite was mined in Japan as early as in the 17th century, but before 1940, the production was insignificant. War-time and subsequent fuel shortages stimulated development of the lignite mining industry. Peak production was reached in 1947, when about 2,900,000 tons were produced from over 1,160 mines. Since then, it has shown a decline. The production has been about 1,500,000 tons per annum in recent years. This is primarily due to the competition from the imported oil and coals. The lignite is

consumed in the following percentages by Japan's industries (per cent): Steel and other metallurgical industry 2.0, Chemical industry 7.3, Ceramic industry 16.2, Textile industry 25.1, Machine and electric industry 0.7, Foods and drinks 9.3, Pulp industry 6.5, Domestic fuel 15.1, Other industries 7.6, Others 10.2.

The thickness of the lignite seams varies from 0.3 m. to 10 m. in which carbonaceous shale is found as bands. They are generally shallow near the surface and dip slightly. As commercial mining is carried on close to industrial centres, where the high agricultural value of the land generally restricts open-cut possibilities in suitable locations, exploitation of lignite is chiefly by underground mining methods, although the mines are never too deep (less than 100 m.). In view of the shallow depth, it seems desirable to examine the possibility whether a part of lignite deposits could not be mined by open-cast workings thus reducing the cost price. It may be also emphasized that in case of open-cast mining, the workings can be operated in such a way that the agricultural interests will be affected only temporarily, and agriculture can be resumed after the areas have been fully worked out.

The preparation of lignite has progressed rapidly in Japan, and many lignite mines have preparation plants which perform sizing, hand and mechanical separation of bony shale, jig washing, Rheolaveur washing and flotation. Lignite appears particularly promising as a household fuel in briquetted and carbonized form. It might well supplant firewood and charcoal in some of their uses. The cost of transportation of black coal from Hokkaido and Kyushu to the central industrial zone of the main island is very high. It will be economical to use, in the lignite-producing areas, lignite for fuel in local industries which do not require a high-grade coal and also for electric power generation.

In short, the size of the lignite resources and their favourable geographical location indicate that the lignite mining industry of Japan can be expanded.

Korea

Little investigation has been made in regard to the lignite deposits of southern Korea. The deposits so far explored are small and the production is relatively low. The two main lignite-bearing areas are Kyongju and Ulsan, both situated on the south-east coast of Korea. Lignite is used principally in and near the producing areas for space heating and cooking.

Most of the lignite deposits occur under the paddy fields. Digging is started only after harvest time, and continued during the warm season when the soil is not frozen. Then the field is reverted to cultivation.

For lignite mining the land has to be purchased in many cases. After the seams, which average 1 to 4 m., have been dug, a similar quantity of cultivable soil must be brought from somewhere else to fill up the pit, as the level of the surface has to be maintained to make irrigation possible. The new top soil will sink after settling and further filling becomes necessary. New top soil sometimes lowers the fertility of the paddy field, and the land has to be sold at a cheaper price.

It may be possible to overcome the above difficulty by carrying out the open-cast mining over a large area and not only in small workings. Then it would be possible to lower the surface level over a large area and to adopt irrigation measures suitable to such lowering. In the case of large open-cuts, the land can be restored to cultivation more easily by separate machines, and special steps can be taken to ensure that, after refilling, the yield will not be reduced but may even be increased.

Malaya and British Borneo

In Malaya, coal approaching lignite in its properties (which has been described as sub-bituminous) occurs in Selangor (Batu Arang field), Perak (near Enggor), on the border of Perlis and Lower Thailand, and Johore, all of Tertiary age. Mining at Batu Arang is still in progress, but the Enggor deposit was worked out by 1928. Deposits in other localities have been found to be unworkable.

The production has shown a continuous decline since the second world war. Peak production in Malaya was reached in 1940, when about 780,000 tons were produced. In 1954-55, there was a production of only about 225,000 tons. The decline can be attributed at least to the competition from fuel oil. Two underground mines were closed in 1954. Operations at present are almost wholly concentrated on open-cast working, which has been reorganized and re-equipped to provide for the reduced demands as cheaply as possible, and has proved markedly cheaper than by underground mining.

Requirements for fuel within British Borneo are not great, and are met at present by firewood and oil. Although coal, ranging from peat through lignite to bituminous coal, occurs in many localities in the territory, none of the deposits is being developed. Some deposits were investigated as need arose. For instance, a deposit of lignite near Weston in North Borneo was investigated as a possible source of fuel for the North Borneo Railways. Although analysis showed that the quality of the lignite was suitable for such use, the impersistence of the seam and the excessive overburden/coal ratio have discouraged development. During 1953, peat was discovered near Paper in North Borneo.

Pakistan

The annual coal requirements of Pakistan amount to about 1,800,000 to 2 million tons, of which about one third is supplied by domestic production, the rest being met by imports, chiefly from India and South Africa.

Lignite deposits occur in both West and East Pakistan. In West Pakistan they have been found in Sind, Baluchistan, and West Punjab and North-west Frontier Provinces. A careful investigation of Sind lignite-fields is being considered by the government. In Baluchistan, the deposits occur in Sor district and Degari and in Harnai, Sharigh, and Khost. This area supplies the major part of production of West Pakistan amounting to about 440,000 tons per annum. The lignite deposits of West Punjab consist of those of the Dandot Plateau and of the Trans-Indus district. The reserves in this instance are difficult to estimate as the deposits are strongly disturbed geologically.

The lignite is of a small size with a water content of 5 to 12% and a sulphur content of 2 to 10 per cent. On account of the high sulphur content and the lack of lumpy lignite it is not suitable for firing in the boilers. Because of unfavourable mining conditions, the mines are not mechanized and the mining methods adopted are therefore somewhat laborious.

The development of the lignite deposits in West Pakistan suffers from the strong competition of imported coal on the one hand and Sui-gas on the other. This Sui gas pool was discovered only a few years ago and is obviously of great economic importance to West Pakistan. Even at a rate of consumption of 3 million cu. m. a day, the reserves there would be sufficient for about 60 years.

In East Pakistan no coal or high-grade lignite exists but only peat-like lignite and peat are available. The possibilities of opening-up and developing these low grade deposits have been the subject of discussions between the

Ministries concerned, the Pakistan Industrial Development Corporation, and international experts for some time.

The peat beds are located largely in the north-east part of East Pakistan. They are mostly situated in the valleys. The overburden of these deposits varies from 0.5 to 2 m. The moisture content is about 80 to 85 per cent, and the ash content, 3 to 10%. The latter will depend largely on how far it will be possible to carry out a selective mining, i.e. to separate the partings. The thickness of the peat bed is between 3 and 8 m. In most cases, there are rice fields on top of the peat beds. The peat is completely impregnated with water. The fields are therefore mostly acidic and the yield is low. In the areas where lateritic hills are near the peat beds, the farmers transport this basic soil to the fields in order to neutralize the acid. However, this measure is only of a temporary help. The question of the peat winning together with the amelioration of the agricultural soil is important. There are many places where the work is carried out not for winning the peat but merely for improving the soil. In these cases, the improvement of the soil and the winning of the peat might possibly be combined.

Similar problems face the development of lignite deposits in East Pakistan. The lignite deposits are also located close to, or directly underneath, the water level. The areas to be mined in open cuts have to be dammed off in order to protect them against the yearly inundation during the rainy season. For both types of deposits, the processing plants may be provided in the upper regions, the "uplands," where they are protected against floods. The right selection of these sites in relation to the deposits is important. The lignite deposits can be used for power generation, for the manufacture of lignite briquettes, as well as for making low-temperature coke, which, as in other ECAFE countries, may replace wood charcoal and cow-dung for domestic purposes and also prove to be a good fuel for industrial purposes.

The following investigations appear to be worthy of consideration:

1. Size and quality of the different peat and lignite deposits;
2. Possibilities of a rational open-cast mining, taking into account the yearly inundations;
3. Open-cast mining and basic soil improvement;
4. Possibilities of utilizing peat in power plants and/or by making into dry peat for the manufacture of fertilizer, peat briquettes or peat coke; the question of using lignite in power plants and/or the production of lignite briquettes or low temperature coke.

Philippines

The coal-bearing formations in the Philippines are of Tertiary age, and the coals are largely lignitic. Sub-bituminous and bituminous coals are met with when the deposits are found near the bases of the uplifts or where the measures have been subject to crustal movements but the degree of metamorphism is not great. Occasionally, semi-anthracite coals were formed by the contact of lignites with igneous intrusions.

There are more than 50 known deposits located in eight principal islands (Luzon, Mindanao, and six islands of Visayas group) and in eleven others. Most of these deposits, however, are not yet developed. Of the six principal mines now in operation, four are worked by the government-owned Cebu Portland Cement Company, the greatest producer and consumer of coal in the Philippines. The production averages about 150,000 tons/annum during recent years. If sufficiently large reserves of lignite could

be found that would enable mining to be done by cheap open cast method, production could be increased. If no large deposits could be found, consideration should be given to using such machines for the exploitation of small deposits as can be easily transported to another deposit after one mine has been worked out. Efforts are being made to upgrade the coal, which is generally friable, non-coking, and has a relatively high volatile matter content, and to develop more reserves. If these can be achieved, there will be markets in the growing local industries, the paper and pulp plants, ceramic plants, producer gas plants, iron foundries and smelters, chemical, textile, and plastic industries.

Thailand

A great number of lignite deposits have been known to occur in both northern and southern Thailand. The lignites in the North are mostly of brown color, with a wood-like structure, and of a low calorific value. The lignites in the South have a somewhat higher calorific value. They are denser and have brown to black color. The most important deposits are the following: Khiansa (Surat Thani), Lamphura, Ban Pu Dan (Krabi), Kantang, and Mae Moh (Lampang). Exploration of two of these deposits, namely, Krabi and Mae Moh, began in 1950. In 1954, the present Lignite Thermal Power Organization was established by the Government. It was then decided to concentrate efforts on the Mae Moh deposit, and to suspend all operations at Krabi because the location of the latter made it difficult to find suitable markets for its produce, at least under the existing conditions, and the deposit could not be easily developed due to danger of tidal water.

The Mae Moh lignite deposit is located in a Tertiary basin about 500 km north of Bangkok, the capital of Thailand, and 100 km south of Chiangmai, the largest city in the North, and about 5 km north of the Mae Moh station on the Bangkok-Chiangmai Railway. The Mae Moh creek flows through the lignite basin into the Mae Yang river south of Mae Moh station. The deposit thus has a favourable situation with regard to railway connexion and water supply, which is important for the power station to be built.

The lignite basin is about 18 km long and 9 km wide. The outcrop zone occurring at the eastern border of the basin is being explored by a systematic grid of bore-holes. In this outcrop zone, an open-cast mine is now in operation.

Exploration of the work has been carried out with 3 Portadrills and later 2 additional Percussion drills. Analyses of lignite have been carried out frequently. General assay shows the clean lignite with ash content below 10% (as mined basis) and with calorific value of dry ash free lignite about 6,600 kcal/kg. Some 15,000,000 tons have been proved up to date in the limited area explored. Considerable further reserves have been interpreted beyond this point.

Extensive surveying of the whole area has been completed. Reduced collar levels were established for all bores. Detailed survey of present mine area for construction of access roads, levee banks, coal benches, etc. was made, and survey of reservoir site of power station area and of transmission lines was completed.

Overburden removal is done by Euclid loader and Euclid dumps assisted by two draglines. After formation of levee bank and drains, the overburden is disposed of on an off-coal area. Up to the end of 1955, some 300,000 m³ of overburden had been removed. Euclid trains operate during the dry season only, and are virtually out of work between July and October.

Lignite is mined by one $\frac{3}{4}$ yd. North-West shovel and a $\frac{3}{4}$ yd. Unit shovel. These are assisted by one $\frac{1}{2}$ yd. Hysterway. In the course of operation, some difficulties were encountered in horizontal cutting due to hardness of lignite in situ. In the opening of the lignite seam, a number of calcareous inclusions were found which had to be cleaned out.

All lignite extracted from the mine is screened and waste material removed by hand. For this purpose, a temporary screening plant was constructed, consisting of two stone crushers with drum screens and driven alternatively by electric motors or diesel engines. The crushed maximum out of both is over 300 tons per 10 hours day. Transport of lignite from shovel to screen and from screen to station is effected by dump trucks. Waste material and lignite dust are dumped and for safety's sake covered with overburden.

A final crushing and screening plant has been designed with a capacity of 100 tons/hour, coupled with a ditch bunker and overhead loading bins. The general equipment of the screening plant, consisting of bins, grizzlies, and conveyors will be provided by the Australian Government under the Colombo Plan.

The lignite production in 1955 was over 30,000 tons. For the next few years, the following production is scheduled: 1957 130,000 tons, 1958 160,000, 1959 200,000.

Due to the favourable development in the demand for lignite it is likely that the above mentioned figures will be considerably exceeded.

At present 98% of lignite sold is transported by rail, and the main outlet is as fuel for the Bangkok Power Stations, where a secure economical market has been established, which promises continuous and major extensions. It has been possible to replace imported Palembang coal (from Indonesia) without loss of efficiency and output and to effect a definite saving. To widen the market, lignite will have to compete with fuel oil within a narrow margin of comparative costs. Here again, lignite replaces imported fuel and saves foreign exchange. In addition, several tests have been carried out to burn raw lignite in the sugar and tobacco plants near the deposit. Tests were also made in unchanged handfired locomotives which showed that tractive effort decreases with lignite burning, mainly due to frequent opening of firedoors. A number of runs were made and it was tried to operate work trains locally. At the same time, two mechanical stokers are being installed by the State Railways of Thailand. Tests are also under consideration at the distilleries and several smaller consumers. Finally the question of making suitable coke to replace wood charcoal for household use is also being studied. This may be a question of primary importance in view of the danger of continuing deforestation. At present the total amount of wood cut for firewood and charcoal production is about 7 million cu. m. per year, which is far in excess of natural replacement.

The recent decision of the Government to establish a mine-based power station is significant. The continuous operation of lignite will be ensured by the establishment of this station which will supply cheap electricity at an early date to the northern region and, by means of a connecting 69 KV circuit, provide power for the Yan Hee dam construction, another important project of the Government of Thailand.

A new cement plant has been designed to use lignite. This plant, when completed, will consume about 40,000 tons of lignite per year.

A gypsum deposit occurs near Mae Moh. The possibility of establishing a nitrogen fertilizer plant by gasifying the lignite is worth attention. In this connexion, the quality of the gypsum deposit needs careful examination, as ordinarily only high-quality gypsum with less than 5% impurities will be suitable for the economical manufacture of ammonium sulphate.

The question of producing low-temperature carbonization coke from the Mae Moh lignite is also significant. Tests will have to be carried out in order to ascertain whether it would be necessary to choose the expensive method via briquetting or it might be possible to produce a sufficiently hard and abrasion-resisting coke by direct carbonization of lignite lumps without going the roundabout way of briquet-

ting. In this connexion, the relatively high sulphur and ash contents of the lignite have to be overcome.

By the establishment of the power station, there would be the possibility of delivering the inferior parts of the lignite seam to the power station for combustion, whereas the high grade low-ash parts could be delivered to the low-temperature carbonization plant. The coke produced in the plant in the grain sizes of over 10-15 mm could be used in the different charcoal stoves as well as for industrial purposes. The fine coke could be fired in the power plant or it could also be used for example in a Krupp-Renn plant to obtain pig iron. Taking into consideration the various project schemes of the Government, the potential demand of lignite will be so high that the production target may be extended beyond 200,000 tons/annum.

PAPER MONEY IN MODERN CHINA (1900-1956)

COMMERCIAL BANKS AS ISSUERS OF NOTES: FOREIGN BANKS: COMMUNIST ISSUES

By E. KANN

PART XIX

Having discussed in detail, as far as information is available, the government banks, the provincial banks, the semi-official institutions, paper money issued by the armies, by railways, etc., it now remains to deal with commercial banks in an analysis in the same direction. As previously stated, private financial concerns in China, be these native banks or exchange shops, as well as the never-ending chain of private note-issuers, have to be entirely ignored here, as any such discussion, irrespective of its extent, would always remain incomplete.

It is a matter of much difficulty to draw the border line between commercial and other banks. Sometimes one treads on safe ground, but often we hear the title of a financial institution which, at first sight or sound, appears to be a commercial bank. For example: Bank of Agriculture and Commerce; or the Industrial Development Bank of China. But actually, the promoters and stockholders were government officials, who planned to utilize their bank to further their political aims and to line their pockets.

When studying the various regulations pertaining to banknote-issues in China, which are given at a later stage, one will observe the existence of clearly-worded interdictions pertaining to the continuance, respectively the discontinuance, of note-issues. But usually these were ignored, at least as long as the Central Government was decentralized.

In 1935 a Presidential Mandate was issued, providing that, aside from certain so called "special" banks whose right to issue paper money had previously been granted by the Ministry of Finance, as well as some commercial banks which had been issuing notes prior to the new proclamation, all the non-noteissuing banks were henceforth to be barred from the privilege of note emission. At the same time, banks with note-issue rights were to be given a limit of time within which to retire their circulation once for all.

In enumerating the sundry noteissuing commercial banks of China, no system as to priority or chronology has

been adopted here. To record these according to the foreign alphabet would be trivial. To go by seniority would be impractical, because it is more important to cite the immediate successor of many a bank following the parent institution. Therefore we shall retain freedom of movement.

(156) IMPERIAL BANK OF CHINA

Established in 1897 and functioning under its name until 1912, when the change to a Republic made an alteration in the firm name needful. It was the first Chinese bank working on modern banking principles. In 1900, during the Boxer Troubles, the bank suffered severe losses in Peking and Tientsin, but gradually it recovered from its injuries. The bank was closely integrated with the China Merchants Steam Navigation Co. It issued fiat money in tael currency, namely in denominations of taels $\frac{1}{2}$, 1, 5, 10, 50 and 100, all dated 1908.

(157) COMMERCIAL BANK OF CHINA

Was the immediate successor of the Imperial Bank of China, which had to change its name in 1912. Its capital in 1936 was \$7,000,000, of which \$3,500,000 was paid up. However, due to the silver crisis in 1934/35, the bank suffered heavy losses. Thereupon Government undertook to reorganize the bank. In doing so its capital was written down to only \$525,000, shortly before the currency reform in the autumn of 1935. Thereupon the authorities paid in \$3,475,000 new capital, which then stood at \$4,000,000.

In the summer of 1925, the Commercial Bank of China issued new notes in denominations of \$1, \$5, \$10, \$50 and \$100, dated 9th Year of the Republic, i.e. 1920. Also tael notes in values of taels 1, 5 and 10. Its note-issues were taken care of. Circulation between 1921 and 1935 was returned at:

End of	Dollars	Index
1921	1,071,250	100
1922	1,265,977	109
1923	1,156,510	108
1924	1,301,862	122
1925	1,660,762	155
1926	2,008,889	183
1927	1,326,895	124
1928	1,551,901	145
1929	2,763,941	258
1930	3,479,014	325
1931	7,198,035	672
1932	11,276,873	1054
1933	25,091,400	2345
1934	44,981,900	4201
1935	26,617,000	2488

(158) THE NATIONAL COMMERCIAL BANK

Was founded in 1907 with head-office in Hangchow (Chekiang), then capitalized at \$1,000,000, of which one-quarter was paid up. From the outset it owned the privilege of note-issue. In 1914 the head-office was removed to Shanghai and, a year later, it suspended its note-circulation. Instead it acted as issuing agent for the notes of the Bank of China. However, in 1920 it once more asked and obtained the right to circulate its banknotes, in denominations of \$1, \$5 and \$10. The bank's fiat money was at all times very popular and was invariably taken care of. In 1943 the bank's capital stood at \$4,000,000 fully paid up.

The National Commercial Bank, always managed in an exemplary manner, issued notes from 1907 onward on a moderate scale. The following are outstanding balances at the end of the year:

1907	\$ 3,300	1912	\$641,180
1908	248,629	1913	937,200
1909	720,000	1914	925,000
1910	728,100	1915	497,700
1911	197,318	1916	50,500

From 1916 onward, and for about five years, the National Commercial Bank made arrangements with the Bank of China to circulate the latter's notes instead of its own.

The size of the National Commercial Bank's note emission can be gleaned from the following tabulation:

End of	Dollars	Index
1921	—	—
1922	900,000	100
1923	1,100,000	122
1924	167,140	19
1925	3,813,730	424
1926	3,748,709	417
1927	3,572,868	397
1928	4,307,850	479
1929	3,964,222	440
1930	7,299,057	811
1931	7,331,703	815
1932	7,088,917	788
1933	8,186,871	910
1934	9,214,773	1024
1935	9,449,000	1050

(159) THE CHEKIANG INDUSTRIAL BANK

Was established in 1908 under the style of "The Chekiang Bank", its initial capital of \$710,300 being provided by the Chekiang Provincial Government in conjunction with private shareholders. Appointed to act as Treasurers for Chekiang Province, the bank obtained the right to issue banknotes. After the Revolution of 1911, the bank

changed its name into "Chekiang Bank of the Republic of China". In 1914 a reorganization was effected, the institution relinquishing its functions as government bank, devoting its energy instead to the furtherance of commercial enterprises.

In 1922, an additional share issue of \$1,000,000 was quickly over-subscribed. In 1923 the official stockholders withdrew and their participation was immediately taken over by the general public. Henceforth the bank as a private concern occupied itself entirely with the promotion of business and industrial undertakings. In 1931 the bank's capital was raised to \$2,000,000. Since 1914 the head-office had been situated at Shanghai, while branches were maintained at Hangchow and Hankow.

As long as the Chekiang Industrial Bank was an official institution, it issued paper money to a moderate extent. When the head-office was removed to Shanghai (1914), it was decided to recall all banknotes from circulation. The quantity issued was never large, as is evidenced by the following amounts representing year-end balances:

End of	Dollars	End of	Dollars
1907	3,300	1912	641,118
1908	248,629	1913	937,200
1909	720,000	1914	925,000
1910	728,100	1915	497,700
1911	197,318	1916	50,500

From December 1, 1922, the Chekiang Industrial Bank resumed its own note emission. At the close of that year the total sum outstanding aggregated \$900,000, while at the close of 1923 the issue amounted to \$1,100,000. Shortly thereafter the bank renounced its note-issuing privilege and concluded fixed arrangements with the Bank of China to spread the latter's notes instead.

(160) THE NINGPO COMMERCIAL & SAVINGS BANK

Was established in 1908 with a capital of \$1,500,000; in 1931 same was raised to \$2,250,000. In 1935 a re-organization became necessary, which the Ministry of Finance undertook to carry into effect. It became essential to write off 85% of the bank's capital, so that only \$337,500 remained covered by liquid assets. As the authorities decided to raise the bank's capital to \$4,000,000, they had to provide the balance of \$3,662,500. Thereby they obtained the controlling interest in the bank's affairs. The head-office was at Shanghai, while branches were maintained at Ningpo, Hankow, Nanking, etc. The size of the Ningpo Bank's note issue, which was quite popular and which was being taken care of by the Government at the occasion of the currency reform of 1935, can be gauged from the following list, giving year-end figures (denominations of \$1, \$5 and \$10) for the period from 1921 to 1935:

End of	Dollars	Index
1921	1,696,703	100
1922	1,716,981	101
1923	3,604,167	212
1924	4,617,717	272
1925	5,442,147	321
1926	5,109,592	301
1927	7,463,106	440
1928	8,992,731	530
1929	9,609,717	566
1930	11,286,619	665
1931	11,752,460	693
1932	15,094,600	890
1933	19,497,600	1149
1934	18,310,300	1079
1935	19,221,000	1131

(161) COMMERCIAL GUARANTEE BANK OF CHIHLI

Founded in 1910 with a nominal capital and promises of provincial contributions, the bank had to mark time for a number of years, due to the lack of funds. The head-office was in Tientsin, and about a decade later a branch was established at Peking.

The impetus for founding this bank was a severe financial crisis in 1906/07 in North China, when numerous importers of cotton piecegoods suffered serious monetary losses. The principal foreign firm concerned or rather its manager (the late Mr. Pape) struck upon the idea of founding a new bank, with the avowed object of utilizing profits for making good those mercantile losses. The provincial authorities, through the liaison of an ex-official Wang Kening (who in later years turned puppet to the Japanese), promised capital, but it took years before trifles were forthcoming from that source. By 1935 the bank had a paid-up capital of \$1,129,500.

The banknote circulation of the Commercial Guarantee Bank of Chihli was as follows:

End of	Dollars	Index
1932	1,437,000	100
1933	1,484,400	103
1934	2,013,600	140
1935	3,431,300	239

At least until the spring of 1937, the financial affairs of North China were under special administration, so that circulation figures after the autumn of 1935 were unavailable to Shanghai. The Commercial Guarantee Bank of Chihli never was in a flourishing condition. It closed its doors with the exit of the year 1938.

(162) BANK OF CANTON

Originally it was planned to start the head-office of the bank in the United States, but finally it was incorporated in 1912 in Hongkong. Its original capitalization was HK\$2,000,000. In 1921 the original silver capital was con-

verted into sterling, and the sum total was increased to £1,200,000. In 1926 the bank's capital was re-converted into silver currency, and at that occasion it was further augmented to HK\$11,000,000. A branch office was opened at Shanghai in 1916. There the bank emitted notes in denominations of \$1, \$5 and \$10 to a moderate extent, but abandoned the privilege in 1927. The fiat money was dated 1917 as well as 1922 and printed by the American Bank-note Co., New York.

In 1935 the paid-up capital of the Bank of Canton was HK\$8,665,600. During September of that critical year the institution became insolvent. It was re-organized with the assistance of the Ministry of Finance, which latter provided a new capital of Chinese \$7,500,000. For years a branch office was maintained at San Francisco, and by 1953 same was still functioning there.

(163) SHANTUNG COMMERCIAL BANK

Founded in 1913 in Tsinan, its paid-up capital in 1926 amounted to \$1,559,200. The bank failed during the civil war of 1926/27. In January, 1929, the Tsinan Chamber of Commerce announced the impending re-opening of the bank, requesting holders of banknotes issued by the said institution to register at the Chamber.

(162a) NATIONAL BANK OF CHINA

Actually there existed three banks of the identical name in China: (a) A British concern, which went out of business during the first decade of the 20th century. (b) An institution organized by Dr. Sun Yat-sen during the republican regime, meant to supply the young state with badly needed funds, also issuing paper money; and (c) a National Bank of China, founded in 1930 in Peking. It also was a source of fiat money, though to a moderate extent only. But its career was rather shortlived.

While the foreign title of (b) and (c) are identical, the Chinese names differ.

(To be Continued)

MARXIST THEORIES TO "CHANGE" CHINESE PEASANTS

The flood season is now over and the threatened catastrophe in Harbin has been averted largely because of the unremitting drive of the Party and Government officials in mobilising an army of peasants and others to raise and strengthen the dykes around the city. The level of the Sungari rose to greater heights than even at the time of the last catastrophe in Harbin, but the incessant labours of the workers kept the waters within the dykes till the spate was over and the river began to fall rapidly. But there are plenty of other preoccupations; indeed the Peking officials seem never to have been more unhappy in mind or more determined in purpose than just now. They are worried about the food grain and the "serious ideological work" required of them on the farm to break down the farmer's natural self-interest.

Indeed, they have to begin by indoctrinating and convincing the cadres themselves, too many of whom sided with the peasants last year in the many questions of consumption, surrender and hoarding of grain at which they were at loggerheads with the Government. It is harder still to convince the peasant that it is his obligation to give up all but a quantity of grain barely sufficient to meet his

own needs. He refuses to let the local cadres or anybody else forget the endless iteration and reiteration of the assurance that the Party were bent on raising his standard of living. Government simply cannot afford to permit a repetition of last year when grain collection by the State was 2½ million tons less than in 1955 while sales of food grains on the domestic market were up 8 m. tons, compelling the Government to distrust on State grain reserves.

The People's Daily recently emphasised that sales of food grains continued to increase this year. The trouble is attributed not to under-production or to mismanagement of the APCs but to the lapses in Socialist education among the peasants and to the growth of individualism and departmentalism in the countryside. The Party expressed the belief that if ideological education is intensified the quantity of grain procurement will be considerably increased. For the encouragement of other cadres the example was cited of the success of local cadres in a rural district of Taian county in Shantung. The local cadres felt they would never be able to meet the target set of 770,000 catties and indicated they could not expect to get more than 560,000 catties. But intensified socialist and patriotic education

among the masses "fundamentally changed" the general attitude and the original target was over-fulfilled and a total of 830,000 catties procured.

Some peasants even get the feeling that, with co-operation accomplished and their land and other means of production turned into communal property, they become "State persons," and expect the State to keep them fully supplied with everything, and even secondary labourers and children now insist on solid instead of liquid food. They eat as much in the slack season as in the busy season. And after they have eaten up their own grain they ask the co-operatives for more and kick up a row if they don't get it. After the wheat harvest some peasants in Anhwei ate three catties of wheat a day, double or treble what they are supposed to. Some who did have grain pretended to be short and demanded more, and even the middle and poor peasants showed a shocking lack of ideology. As for the cadres, too many of them are guilty of serious departmentalism. They are all for immediate gains, conceal output, declare less income and exaggerate shortages of food grains, and take the view that co-operation is purely aimed at enabling all to acquire and eat more grain. They seldom give their thought to the socialist cause of the State as a whole and the future of the peasants. If consumption is restricted for the sale of the State, they feel it isn't fair to the peasants and that they (the cadres) are doing things against their conscience! The job now is to persuade the peasants to put the State first and themselves last! "The food grain problem is completely a test for every APC member and cadre as to who genuinely support socialism and who genuinely love the country. This is a practical test, with which verbal expression of attitude bears no comparison. For the sake of building our great socialist fatherland, we must resolutely overcome all sorts of erroneous thoughts," continued the People's Daily, "increase the quantity of grain collection, reduce the sales of grain, and increase the State reserves of grain so as to enable us to cope with possible disasters and other difficulties."

With these urgent problems before them and the disposal of the harvest a matter of supreme concern, the Central Committee of the CCP issued three Directives—and didn't bother to put them through the State Council either. One of them called for the overhauling of the work of the APCs; another dealt with the improvement of the administration of production; and the other outlined the methods of applying the policy of mutual benefit among the co-operative members. The first was chiefly concerned with the rectification of the working style of the farm co-operative functionaries, immediately after the great debate now taking place in the countryside between socialist and capitalist policies.

The ideological teams sent to freshen them up are intended to help them overcome their shortcomings, set right their mistakes, and raise their political and ideological levels. But most of the cadres, when these ministrations are about to be applied, will no doubt emphasise that the main problem is the peasants' own ideology, and perhaps they had better tackle them! The directives also called on the APCs to establish a system of "unified management, with control by groups at different levels," and also laid it down that from now on a village of just over 100 households should in general form only one co-operative. Each village should as a rule have one co-operative, but they should not be too big, owing to the present low level of technique and management. In hilly areas APCs could be organised in small villages of two or three households. The proper size of production teams was about 20 households living close to each other. Once these are formed it should be formally announced that there would be no change for ten years.

Each co-operative was required to make full use of the man power of its members and rationally organise their work.

The third directive emphasised that the correct carrying out of the policy of mutual benefit as between co-operative members, especially between poor and middle peasants, was a fundamental factor in the success of co-operative farming and a guarantee for the consolidation of the co-operatives. Some stress was laid on the importance of the role of the 20% of upper middle peasants, who were more skilful than the others and who must not be isolated but be united with, though they must also be subjected to criticism, persuasion, and education. There must be far stronger ideological leadership of the upper middle peasants and their bourgeois thinking criticised. On the other hand care must be taken to avoid "leftist deviations." To encourage the raising of livestock, members of the APCs are to be allowed to own domestic animals up to a certain number. The third Directive also enumerated measures for increasing the income of the APCs, including the poor and lower middle peasant households that were in economic difficulty, former pedlars and owners of fishponds, orchards and forests.

Still another directive on September 17 called for great efforts in autumn production and for rigid economy in the calamity-stricken areas of the country. This directive came from the Government, not the Party Centre. It stated that the overall effect of the natural calamities in 1957 were not so bad as those of 1954 and 1956, but in some areas the destruction was "rather heavy." People in the devastated areas were urged to try to find substitutes for the usual food grains, and they are forbidden to make wine or sugar from grains, while the sending of gifts and entertainment should be restricted. Peasants are also to be restrained from "blind running away" from the rural areas to the towns and relief work should be improved and the thoughts of the refugees improved also. The influx of peasants from areas where the harvest is bad to the big cities, especially during the winter, is proving a great problem for the Communist officials. It is estimated that Shanghai, for instance, has a floating population of more than 200,000.

Reports that had already appeared in the Chinese papers about disorders in Kwangtung Province were confirmed by the ex-Governor and present Party First Secretary Tao Chu when he informed the Provincial Party Committee of the despatch of an army of 100,000 specially-trained ideologists and other cadres to direct the thoughts of the peasants in the direction of the Party. They will particularly address themselves to the rich and middle-class peasants who are "biased" in their views concerning Socialism. It was confirmed that five Communist officials and an unspecified number of others had been killed in an uprising on July 12, in which a Government food station, tax office and other buildings were attacked. It had previously been revealed that last winter nearly 118,000 dissatisfied peasant households—probably numbering a total of half a million persons—had walked out of the collective farms in Kwangtung. Most of them were later induced to rejoin the co-operatives or return to the villages but there was a considerable net loss of 15,767 households.

Peasants in other areas were accused of sabotaging the co-operatives and, as in such regions as Anhwei, committing murder and incendiarism. A sidelight on the Government's difficulties in bending the peasants to their will was provided by the Peking People's Daily, which stated that: "There are many APCs in Shansi which, because of their opposition to the Government's policy of uniform purchase and sale of foodgrains, have made false announcements of reaping

ECONOMIC LETTER FROM MANILA

Creation of a Foreign Investments and Loans office has been announced by the Central Bank. Its purpose will be to coordinate and bring about faster and more efficient processing of foreign loans and investments as part of this nation's effort to step up external assistance and improve the level of its dollar reserves. Pres. Garcia declared that the administration intends to push a foreign investment bill through the next session of Congress. He indicated it would be a revised version of the foreign investment bills that have been rejected at the past several Congressional sessions. He said it would be in a different form from the bills sponsored by the late Pres. Magsaysay and would contain some new features. The country wants to open the door to "friendly foreign investments," the President declared, but he emphasized that these will not be allowed to encroach on industrial "territories" already exploited by Filipinos or on those involving national security.

The President and Cabinet are keeping a watchful eye on the position of the peso in the world currency markets. Sen. Jose P. Laurel suggested that a top-level conference of the nation's economic advisors be called at an early date to consider world inflation, its effect on the peso, and the possibility of securing a large loan from the United States to bolster the Philippine monetary position. The President indicated he would not stand in the way of such a meeting, although he had previously said he wanted to hold off on a conference of this sort until after the elections in November. He said he did not believe that world inflation would have much effect on the Philippine currency and expressed the conviction that "the peso is still good."

bad crops. Some have altered their measures and scales, making 150 catties register only 100. Some peasants, when harvesting the wheat, have purposely dropped a great deal in the fields to be picked up by other members of the APCs afterwards. Then they divide the extra amount equally among all members. Others in thrashing the wheat have intentionally left plenty of grain on the stalks. After declaration to the authorities, the members of the APCs re-gather the wheat and thrash it again. In this way they get more foodstuffs for their private consumption or sale to the free market."

No fewer than 15 provinces and municipal regions failed to collect the allotted agricultural tax totals last year and some had failed again in the summer harvest this year. One district in Shantung was cited in which 30 per cent of the APCs have the grain set aside for tax to the peasants instead of to the State. In Kiangsu 307 APCs distributed the whole of the summer harvest to the peasants without keeping a single grain for the public tax. Moreover, the bulk purchase of grain and cotton had failed to reach the planned level. Peasants are being "educated" by the papers and by itinerant cadres to help the State by neither hoarding grain nor operating on the black market.

The position has been aggravated by further drought, from which several provinces had suffered earlier in the year. Now it is reported that no rain has fallen in Anhwei since the middle of last August and half-a-million acres of autumn crops were affected. More than two million APC members were mobilised to fight the drought conditions. Some 14 counties in Hunan were also stricken by drought and local Party and Government officials had joined in to lessen the impact of the calamity. More than 350,000 acres out of a total of 450,000 acres of late grains were saved by drought fighters who worked around the clock. In this battle no less than 600,000 peasants and APC members were involved."

Hans Menzi, prominent Philippine industrialist, will set up a new hemp decorticating plant at Talakag in Bukidnon province, Mindanao. He said that mechanically decorticated hemp now being processed in the Philippines now commands the highest premiums in the abaca market. Menzi also announces that he is establishing a new multi-million peso cigarette factory in the Philippines.

The Bicol region in southern Luzon is replacing Mindanao as the principal source of Philippine abaca exports. The shift is due to effective farming methods being used in Bicol and the absence there of mosaic disease infestation.

The Philippines has reached the point where it can no longer afford to draw down its dollar reserve to meet the requirements of the country's economic development program, Gov. Cuaderno declared. He pointed out that expenditures for development projects have been very heavy in the Philippines since the end of the war. Some 800 new industrial plants have been set up. The government has undertaken large public projects such as power plants, irrigation systems, roads and bridges, school buildings and hospitals. Such investments, public and private, have been especially heavy during the past three years. "This has caused not only a very heavy drain on our dollar resources but also an expansion of the money supply beyond limits which may be considered prudent," Gov. Cuaderno said. He added that the situation lately has been aggravated by the continuous rise in the foreign market prices of the goods which the country has to import. And since foreign exchange earnings have not been able to keep pace with the nation's requirements, these inflated prices abroad have placed an additional strain on Philippine foreign exchange reserves. Current Philippine payment difficulties have arisen in spite of notable progress which the Philippines has made on a number of fronts in recent years. He pointed to the fact that the inflation of 1952 was halted and that the country was successful in establishing a flexible currency system under the charter of the Central Bank. In addition, the Philippines has been able to get by without large-scale borrowing. The country thus far has secured only one foreign loan of \$20 million in the public sector and an aggregate only \$8.2 million in loans in the private sector. This was in addition to about \$18 million in ICA aid since 1951. A \$65 million credit extended to the Philippines by the Export-Import Bank of Washington has been largely unused, even though it might have done a lot to relieve the foreign exchange position of the country. The trouble with this credit is that it allows purchases in the United States only, and "in a number of instances, the prices of machinery and equipment obtainable in Europe were considerably lower than those quoted in the United States." He said he is confident that in the months ahead "there will be an improvement in the price situation and that we shall be able to take advantage of this credit line to a large extent."

The deterioration of the Philippine balance of payments position is reflected in figures which show that in the first half of 1957 the Philippines had a payments deficit of around \$34,000,000, as against a net surplus of \$29,000,000 in the same period of 1956. Total receipts improved slightly to \$332.71 million during the first six months of this year from \$330.41 million in the same period of last year. But total disbursements increased sharply to \$366.69 million from \$301.64 million in the same period of last year. There was a moderate improvement in receipts from merchandise exports to \$237.26 million during the period in question this year. This compares with \$226.78

million during the corresponding period of 1956. However, disbursements for imports rose appreciably to \$324.53 million from \$262.44 million in the like 1956 period. The big gap in merchandise trade which was valued at nearly \$90 million was partly offset by continued heavy U.S. government expenditures here. During the first six months of 1957 total U.S. government expenditures amounted to \$56.98 million. This compares with \$61.36 million for the like period of last year. Philippine government expenditures abroad in comparison totaled only \$6.78 million during the first half of this year against \$6.92 million in the like 1956 period. There was a slight drop in miscellaneous "invisible" receipts this year to \$34.42 million from \$39.75 million last year. On the other, miscellaneous "invisible" disbursements rose slightly to \$35.38 million from \$32.28 million in the like period of 1956.

The Philippine Cotton Development Corp., headed by Harry E. Stonehill, is adding equipment to its cotton gin in Mindanao to prepare cottonseed for crushing into oil or for conversion into livestock feed or fertilizer.

The head of the newly established Bataan Pulp and Paper Mills, Inc., announces that this Philippine industry will make a new and unique contribution to the nation's economy through its use of native bamboo as its basic raw material.

The Bureau of Forestry has released a new estimate of Philippine timber reserves, placing them at 600 billion board feet valued at forty billion dollars. The reserves are owned mostly by the Philippine Government and administered by the Forestry Bureau under a licensing system.

The Department of Public Works announces the completion of its \$17,803,750 program of irrigation projects in Pampanga, Bataan, Isabela and Pangasinan. The final work

was reported finished in late September. The irrigation systems, which are expected to bring big boosts in crop production to 110,000 acres of farm land, are in the San Juan River section of Bataan, the Porac-Gumain River in Pampanga, the Magat River in Isabela, the Colo River in Bataan and the Dumoloc River in Pangasinan.

The Social Security System of the Philippines announced that it is prepared to offer loans up to P500,000 to each of the first 79 business establishments which registered with the system before the deadline on September 1. Qualified firms can apply for the loans for use either in business expansion or in housing projects. The loans would be advanced by the government's Home Financing Commission or Government Service Insurance System and would be taken over after about a year by the Social Security System.

The Gold Subsidy Board paid out P18,000,000 in subsidies to 13 mining companies during the fiscal year which ended last June 30. The Central Bank also aided the mining companies by permitting them to sell part of their production at favorable open market prices, particularly to holders of blocked pesos, who are permitted under a special arrangement to exchange purchases of locally-mined gold for dollars freely transferable abroad.

A United States firm is among four foreign companies that have been awarded contracts for the supply of equipment and machinery for the pig iron smelting plant to be constructed in Iligan City by the government's National Shipyards and Steel Corp. The firms are: the Loewy-Hydropress division of Baldwin-Lima Hamilton Corporation of New York; Demag Elektrometallurgie of Germany; Syndicate Belge D'Enterprises A L'Etranger of Belgium; and Elektrokemisk of Norway.

HONGKONG INDUSTRIAL REPORTS

Industrial Situation—Though factories are all the time opening up, the tempo this year has somewhat slackened. This may be due to the increased and somewhat hectic industrialisation in recent years here when so many investors for want of better prospects rushed into industrial ventures. Also, wiser counsels seem these days to prevail as regards installation of new plant designed for producing goods for SE Asian markets. In the neighbouring Far Eastern countries there is also a fairly impressive race in industrialisation, and everywhere one notices a tendency to restrict imports of light industrial products. Thailand and Malaya, where new factories are being promoted without in any way as yet showing signs of satisfying demand, continue to be HK's best customers. Without the overseas Chinese merchants in these two countries, purchases might easily be made in other centres than Hongkong. Local manufacturers have to thank overseas Chinese in Bangkok and Singapore for the steady flow of orders. An important consideration for the success of local products in overseas markets remains reliable quality but many claims are being received here which regrettably point to an altogether not satisfactory state of affairs. In the garment industry there exist many offenders and producers of shoddy goods. Labour supply is as abundant as ever and there is no prospect for higher wages as long as the influx of Chinese continues and the expansion of industrial production is not considerably accelerated.

Brassiere—Bras made in Hongkong are being exported to North and South America, Africa, Indonesia, Philippines, Singapore, Malaya and other SE Asia. Compared with

other garment industries bra-making is a new branch but there are already about 100 such factories here. Local sales steadily increase but the boom has been stimulated chiefly by strong export demand. Export prices range from \$11 to \$40 per dozen fob depending on the quality; Japanese white shirting is the most popular material used.

Most factories are established in residential flats with limited production capacity. Consequently, exporters have to book simultaneously from several factories to fulfil a large order. Quality standard is therefore difficult to control. Local production is also limited to plain bras; foam-rubber lined, strapless and other steel-reinforced beauty-aid bras used by style- and figure-conscious ladies in Hongkong are chiefly imported from US amounting to several million dollars every year.

Paint & Varnish—Six leading paint manufacturers had better business this year than last. The local building boom provides increasing demand for lacquers, varnishes and paints locally manufactured. Exports also improved to \$11.5 million during the first 9 months of this year from \$10.7 m for the corresponding period of last year. Thailand is the number one buyer followed by Malaya, North Borneo, Laos, Cambodia, Macao, Burma and South Vietnam.

Exports to Burma this year are much less than in 1956; Taiwan, Philippines and Indonesia also curtailed purchases from here this year probably due to increased domestic production in these countries. Increases in shipments to North-Borneo, Thailand and Malaya however were more than enough to offset these drops. At present, con-

signments to Thailand and Malaya constitute about 80% of total exports.

During the past two years, local paint manufacturers introduced many new products including acid resisting enamels, rubber varnishes, plastic emulsion paints, latex based paints, insecticidal coatings. Other popular products are prepared paints, enamels, mastics, putties, nitrocellulose lacquers, transportation finishes, synthetic industrial finishes, stoving enamels, tinplate varnishes, rust bonderisers, paint removers, oil-bound distempers, insulating varnishes, leather coatings, epicote finishes, paste paints, cement paints, chromate based primers and fire-resisting paints.

Cigarettes—Three leading local tobacco factories are each producing about 20 million cigarettes every week. Local consumption absorbs 90% of the total output. Prices for locally manufactured cigarettes range from 40c to 80c per packet of 20 cigarettes as compared with 60c to \$1.10 for imported brands.

Export of local cigarettes during the first 9 months of this year amounted to \$1.5 million, 87.5% higher than the corresponding record of 1956. Macao is the number one customer taking up about 50% of total export. Other principal buyers are North Borneo, Laos, Malaya and Indonesia; exports to North Borneo, Macao and Malaya are much better this year offsetting the decline in shipments to Indonesia.

In addition to English type cigarettes, local factories put out American blend cigarettes; filter tip varieties are also produced. In large factories, packing in tin foil sheets and paper packets is done by machine but in smaller establishments it is done by hand; only a few firms have equipment for packing in air-tight tins. Leaf tobacco is mostly imported from US, South Rhodesia, India, Thailand and sometimes from Japan and Turkey.

Vacuum Flask—Export of vacuum flasks showing a decline of 10% in value during the first 6 months of this year compared with the first half of 1956, recovered recently. As a result, total export for Jan./Sept. of this year at \$5.9 m is slightly better than the corresponding record for last year. A few small factories, which closed down last Spring, reopened recently under new owners. To stimulate export, leading flask makers have introduced many new items this year. One company is now making flask refills which can withstand a sudden change of temperature; the manufacturer claims that boiling water can be filled into the flask immediately after it has been emptied of ice water.

Local demand remains very steady; about 99% of vacuum flasks used in the Colony are made in local factories. In exports, Malaya, Thailand, Australia, Middle and Near East and Philippines remain on top of the list of buyers. Compared with 1956, exports to Malaya and Philippines this year have increased in quantities but total amounts are lower on account of the purchase of more cheaper items. Other principal buyers include Indonesia, Cambodia, South Vietnam, Africa, New Zealand, North Borneo, UK and US.

New Products—Heat-resisting glass coffee percolators and cooking casseroles are now manufactured by I-Feng Glass Factory, a branch of the I-Feng Enamelling Company. The quality of these local products is as good as those of European and American make. Export price (fob HK) for 6-cup coffee percolators is \$192 per dozen and for 8" casseroles with lids is \$60 per dozen.

A new factory is making western-style quilts for the local market. Machine-mixed wool and cotton is padded into covers of rayon brocade or embossed satin. The sewing up of the quilts with machines is more economical in labour than the traditional Chinese method of enclosing the hand-ginned cotton in a thread netting. Another ad-

vantage of the western-style quilt is that it requires only a bed sheet in using while the Chinese-style quilt has to be stitched between a bed sheet and a cover or completely enveloped in a cloth bag.

Several types of baby tricycles and push-chairs are now made locally. Iron bar and sheet metal as well as canvas used in the production are all of local origin. The finished products closely resemble imported goods but much cheaper in price and also inferior in quality. Local demand is very strong.

A local factory is making damask table cloths and napkins for exports to US. Raw materials (cotton and rayon) are imported from Japan and US. The factory has 16 looms and employs about 100 workmen.

A few months ago, a Fukien industrialist established a workshop here to produce lacquer bowls, trays, jewellery boxes and other Fukien lacquer-ware. Up to the present, several shipments of these items have been made to US and Canada; local sales are also steadily increasing.

Resettlement Factory Building—A five-storey resettlement factory building now under construction at Tonkin Street in Cheung Sha Wan will be completed by the end of this month. This building will house some of the existing workshops in squatter areas scheduled for clearance at Wong Tai Sin and Tai Kok Tsui. The accommodation will be suitable for the majority of small factories using power driven machinery and requiring less than 2,000 square feet of space; food factories and workshops which would cause a nuisance to other occupants will not be resettled in this building. The minimum renting space will be 198 square feet and the maximum, 1,980 sq. ft.; the rent for each unit of 198 sq. ft. will range from \$75 a month on the ground floor to \$45 on the top floor.

HONGKONG SHIPPING IN AUGUST

	Entered		Vessel		Cleared		Cargo		
	No.	Ton	No.	Ton	No.	Ton	Arrived	Departed	
British	275	547,874	272	551,510	18	90,391	112,054	37,179	
American	18	90,391	18	90,391	2	1,114	8,609	4,179	
Canadian	1	557	1	557	18	5,777	5,263	4,850	
Chinese	17	4,914	17	4,914	—	—	4,158	—	
Costa Rica	1	2,031	1	2,031	18	60,609	11,437	9,742	
Danish	18	57,732	18	82,200	18	79,970	10,769	8,945	
Dutch	17	79,970	10	38,404	9	36,752	4,237	1,610	
French	10	46,626	10	46,626	1	3,390	7,295	3,388	
German	1	3,390	1	3,390	4	15,938	86	300	
Indian	4	15,938	4	15,938	39	97,920	6,620	205	
Italian	43	101,750	39	97,920	7	12,047	16,376	19,458	
Japanese	6	9,439	7	12,047	3	11,260	8,134	2,630	
Korean	3	11,260	3	11,260	40	123,100	19,052	1,200	
Liberian	42	128,474	20	24,097	20	24,097	77,872	12,408	
Norwegian	25	31,806	1	4,329	1	4,329	34,356	8,154	
Panamanian	2	4,403	2	4,403	7	20,946	27	400	
Philippine	2	7,336	2	7,336	1	547	2,324	1,607	
Polish	8	29,312	7	20,946	1	547	3,220	1,30	
Swedish	1	547	1	547	3	6,743	951	800	
Thailand	—	—	—	—	—	—	800	1,250	
Yugoslavian	3	6,743	3	6,743	—	—	—	—	
Total	507	1,218,897	493	1,202,632			333,640	117,435	

HONGKONG AIR TRAFFIC IN AUGUST

Region	D e p a r t u r e		A r r i v a l	
	Passenger (Kilos)	Freight (Kilos)	Passenger (Kilos)	Freight (Kilos)
Australia	249	4,281	71	2,857
Thailand	1,359	23,346	1,475	10,598
Borneo	102	2,753	154	113
Burma	172	9,138	821	290
Cambodia	198	2,518	229	241
Canada	190	1,960	557	79
Europe	187	12,796	1,709	5,040
Taiwan	760	40,519	1,327	826
Guam	5	3,727	33	215
Honolulu	164	157	100	64
India	278	9,490	512	298
Indonesia	—	—	557	—
Japan	2,089	8,652	3,114	15,290
Laos	125	14,537	80	71
Macau	—	7,038	—	3,656
Malaya	23	86	335	2
Middle East	192	316	450	68
New Zealand	—	—	636	148
Okinawa	69	5,025	73	276
Pakistan	49	1,317	255	70
Philippines	1,838	12,605	765	461
Singapore	782	16,917	1,354	2,132
South America	54	1,586	8	618
South Korea	95	3,284	623	14
United Kingdom	270	12,795	2,409	408
United States	128	5,695	3,570	9,046
South Vietnam	295	8,705	351	76
Wake Island	—	157	—	2,742
Ceylon	—	—	189	330
Africa	—	—	908	2,302
Total	9,673	210,000	22,574	9,467
Direct Transit	1,420	20,524	—	74,035
Total Aircraft Departures	= 366,		1,420	20,524
Total Aircraft Arrivals	= 364,		—	—

FINANCE & COMMERCE

HK EXCHANGE MARKETS

Oct.	U.S.\$		Notes High	Notes Low
	T.T. High	T.T. Low		
14	\$593 1/4	592 1/4	591 1/4	591 1/4
15	593	592 1/2	591 1/2	590 1/2
16	592	591 1/4	590 1/4	589 1/4
17	593 1/4	590 3/4	591 1/4	589
18	593 1/4	592 1/4	592 1/4	591
19	592 1/4	591 1/4	591 1/4	590

D.D. rates: High 591 1/4 Low 589 1/4.

Trading totals: T.T. US\$3,560,000; Notes cash \$415,000, forward \$2,580,000; D.D. \$380,000. The market was not very active. In the T.T. sector, gold importers were good buyers. In the Notes market, difference from T.T. rates narrowed to about one and a half points. Interest for change over favoured sellers and aggregated HK\$11.10 per US\$1,000. Speculative positions averaged US\$2 million per day. The D.D. market was quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.77-1.76, Japan 0.01415-0.013975, Malaya 1.873, India 1.09-1.08, Vietnam 0.0714-0.0694, Laos 0.067-0.063, Cambodia 0.073,

Thailand 0.2739-0.2717, Indonesia 0.145-0.1398, Rangoon 0.51. Sales: Pesos 380,000, Yen 85 million, Malayan \$370,000, Indian Rupees 250,000, Piastre 8 million, Kip 5 million, Rial 5 million, Baht 3 million, Rupiah 4 million, and Burmese Rupees 200,000. Chinese Exchange: People's Yuan notes quoted \$1.55-1.375 per Yuan. Taiwan Dollar notes quoted \$0.16 per Dollar, and remittances \$0.153-0.152.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.44-15.40, Scotland 14.00, Ireland 13.80, Australia 12.27-12.25, New Zealand 14.10, Egypt 9.70-9.10, East Africa 14.70-14.60, South Africa 15.45-15.40, West Africa 13.50, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.40, India 1.1745-1.174, Pakistan 0.77, Ceylon 0.98-0.97, Burma 0.51, Malaya 1.837-1.827, Canada 6.09-6.04, Cuba 5.00, Argentina 0.125, Brazil 0.056, Philippines 1.7575-1.7425, Switzerland 1.36-1.34, West Germany 1.365-1.35, Italy 0.0092-0.0091, Belgium 0.11, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.46, France 0.012675-0.01255, South Vietnam

0.0715-0.0705, Laos 0.068-0.062, Cambodia 0.0735-0.073, North Borneo 1.60, Indonesia 0.13-0.129, Thailand 0.272-0.268, Macau 1.01-0.995, Japan 0.01445-0.014325.

Gold Market			
Oct.	High .945	Low .945	Macau .99
14	\$261 1/2	260 1/2	—
15	261	260	—
16	260	259 1/4	Low 268 1/4
17	261 1/4	259 1/4	—
18	261 3/4	260 3/4	271 1/4 High
19	260 1/2	260	—

Opening and closing prices were 260 3/4 and 260 1/4; highest and lowest, 261 3/4 and 259 1/4. The market was quiet. Interest for change over favoured sellers and aggregated \$3.20 per 10 taels of .945 fine. Tradings averaging 5,500 taels per day totalled 33,000 taels last week including 18,080 taels in cash transactions (2,980 listed and 15,100 arranged). Speculative positions averaged 13,500 taels per day. Imports from Macau amounted to 11,000 taels. A shipment of 48,000 fine ounces arrived Macau during the week. Exports totalled 9,500 taels (5,500 taels to Singapore, 3,000 Indonesia, 1,000 Rangoon). Differences paid for

local and Macau .99 fine were \$12.80—12.30 and 11.70—11.50 respectively per tael of .945 fine. Cross rates were US\$37.89—37.87 per fine ounce; 56,000 fine ounces contracted at 37.87 cif Macau. US double eagle old and new coins quoted HK\$264 and 226 respectively per coin; English Sovereigns \$62 per coin; Mexican gold coins \$279 per coin. **Silver Market:** 500 taels of bar silver traded at \$5.80—5.70 per tael and 1,000 dollar coins at \$3.73 per coin. Twenty-cent silver coins quoted \$2.90 per five coins.

HK SHARE MARKET

Trading last week remained on the daily average of half a million dollars but there were more sellers than buyers; consequently most shares closed at prices lower than those for the previous week. Union Insurances eased slightly to 89.50 but registered no business during second half week. Lombards remained steady at 32.50 although buyers had tried to force the quotation down to 32. HK Banks eased to the new 1957 low at 845; selling pressure was evident.

Docks lost another 50c under selling pressure but returned to 53.50 at week-end when the pressure eased. Wharves were quiet but steady at 122 s throughout the period while Providents dipped slightly to 11.70 s with buyers counter-offering 11.50. Wheelocks also suffered from selling pressure and lost 25c on the week.

With the exceptions of Star Ferries and Yaumatis, utility shares registered fractional dips. Lands, Hotels, Rubbers, Cottons and even Stores, which had been very firm during the previous weeks, were caught in the slide. Cements lost another 4% because the company had again marked down prices of its products.

The market remained slow chiefly because money was expensive while cash earnings of blue chips unattractive. The cold war in Middle East had no direct effects on trading; but indirectly the news aggravated the bearish trend.

Rubber Output—A. R. Burkill & Sons announced that production of rubber at the Amalgamated Rubber Estates in September amounted to 707,923 pounds.

to 18/1½ buyers. London supplied Ayer Hitam Tin, Kamunting, Killing-hall, Pahang Consolidated and Renong Tin. Meru Tin had a very active week and large quantities of scrip changed hands up to 3/- with business at the close at 2/11.

There were more inquiries for local rubber shares, due to a shortlived better commodity price and the firmness of rubber shares on the London market. Renewed inquiry raised Lower Perak Rubber to 1/10 and Bagan Serai to 2/8 locally—some months ago both these counters were at these levels due to "sale of the estate" rumours.

Local loan turnover was negligible.

TRADE REPORTS

The cold war in the Middle East had no adverse effect on Hongkong's entrepot trade. Business in the local commodity market last week remained active but the trend uncertain. Japan, UK, Europe and Australia showed keen interest in China produce but these countries were negotiating with China for direct supplies at the same time. Metals firmed but buyers were reluctant to pay higher prices. Paper attracted strong demand from Korea and SE Asia but short stock here and low buying offers handicapped trading. Industrial chemicals and pharmaceuticals attracted a number of enquiries from Korea and other countries but most transactions fell through. Cotton yarn and cloth retained strong export demand but the spot market was quiet. Sugar, rice, wheat flour remained sluggish because supply exceeded demand while cement was kept at a low level by below-cost quotations from Canton.

HK/China Trade—Several British and European firms here sent representatives to Canton Export Fair for the purchase of hog casing, feather, gallnut, bitter almond, groundnut and other produce which are difficult to obtain from the local market. A large number of Chinese traders also went to Canton and towards end of last week they concluded with Communist officials transactions amounting to \$17 million covering construction materials, wood-oil, tea, hides, skins, newsprint, silk piecgoods, sundry provisions, sea food and foodstuffs.

Imports of foodstuffs from Canton and other Chinese ports remained heavy last week; consignments of vegetables returned to normal. In addition, Peking sent here woollen piecgoods, woollen blankets, cotton blankets and drawn lacework; quantities however were small. From here, China made moderate and selective purchases of metals and pharmaceuticals.

HK/Japan Trade—Cargo movements between HK and Japan were slower than during the previous weeks; imports totalled 1,500 tons and exports, 1,000 tons. Drop in imports was chiefly due to curtailed shipments of cotton yarn and cloth; import of cement also less than first half month. Decline in ex-

Share	Oct. 11	Last Week's Rate		Closing	Up & Down	Dividend	Estimated Annual Yield (%)
		Highest	Lowest				
HK Bank	880	852.50	845	845	—\$15	\$50	5.92
Union Ins.	90 s	89.50	89 s	89 s	—\$1	\$3.40	3.82
Lombard	32.50	32.50	32 b	32.50	steady	\$2	6.15
Wheelock	7.15 s	7.05	6.90	6.90	—25c	75c	10.87
HK Wharf	122 s	122 s	120 n	120 n	steady	\$6	5.00
HK Dock	53.50	53.50	53	53.50 s	steady	\$2	3.74
Provident	11.80 b	11.70	11.50 b	11.50 b	—30c	\$1	8.89
HK Land	34.50	34.25	33.75	34	—50c	\$3.50	10.29
Realty	1.425 s	1.40 s	1.375 n	1.40 s	—2½c	15c	10.71
Hotel	15	14.90	14.50 b	14.70 s	—30c	\$1	6.80
Trams	23.20	23.20	22.90	23	—20c	\$1.70	7.39
Star Ferry	131 n	—	—	131 n	quiet	\$9	6.87
Yaumati	100 n	100 s	99.50	100 s	steady	\$7.50	7.50
Light	18.90	18.80	18.50	18.80	—30c	\$1.10	5.91
Electric	28	27.90	27.50	27.50	—50c	\$1.80	6.55
Telephone	27.50	27.50	26.90	26.90	—60c	\$1.50	5.58
Cement	27.40 s	27.40 s	26	26.30 s	—\$1.10	\$4	15.21
Dairy Farm	16.40	16.40	16.10	16.20 s	—20c	\$1.63	10.06
Watson	13.30	13.10	12.90	12.90	—40c	\$1	7.75
Yangtze	6.30	6.45 s	6.30	6.45 s	quiet	65c	10.08
Allied Inv.	4.15 s	4.15 n	4.15 s	4.15 n	quiet	25c	6.24
HK & FE Inv.	9.80 b	9.90 n	9.80 b	9.90 n	quiet	83c	8.08
Amal. Rubber	1.55	1.525	1.50	1.50	—5c	28c	18.67
Textile	4.40	4.375	4.35	4.35	—5c	50c	11.43
Nanyang	9.55 n	—	—	9.55 n	quiet	\$1	10.47

SINGAPORE SHARES

Markets were hesitant during the week ended October 11. At the close there was selective buying of industrials, tins and rubbers, but a general air of uncertainty remained.

Fraser & Neave Ords. had good turnover up to \$2.90 cum 19 cents; renewed interest was due to realisation of the substantial market value of the Company's increased holding of Malayan Breweries. Straits Times closed higher at \$3.92½; the profit-making ability of this Company appears to be

more generally recognized. Gammons after falling to \$2.45 steadied, United Engineers were firm at \$1.35 and Singapore Cold Storage at \$1.05.

There was only some small improvement in tin shares. Kuchai climbed to \$2.75 buyers, and Petaling, which fell to \$3.10 on the publication of a much lower output for the quarter ending September, recovered to \$3.15. Berjuntai Tin due to last month's poor output fell to 17/7½ but later recovered to 18/1½. On the other hand Lower Perak's high output at long last materialized and the shares improved

ports resulted from reduced purchase of China produce from the local market.

HK/UK & HK/Europe Trade—3,500 tons of HK manufactured cotton textiles, plastics products, preserved ginger, rubber shoes and small lots of gallnuts, bamboo cane and other produce were shipped to UK. Exports to Europe amounted to only about 1,000 tons consisting chiefly of produce. Demand from UK for HK cotton textiles and other manufactures remained steady but purchase of produce from here slowed down because many British as well as European buyers went to Canton for direct supplies.

Imports from UK totalled 4,500 tons and from Europe, 1,500 tons; principal items were woollen piecegoods, sweaters, knitting yarn; Christmas cards and decoration items; late 1957 automobiles; dyestuffs; dairy products and provisions.

HK/US Trade—In tonnage, exports to be heavier than imports from US; but in value, imports were higher. American cosmetics, toilet articles, fruits, toys, shirts, ladies' wear and other consumer goods continued to enjoy very popular local demand. Export of rattan furniture slowed down but consignments of gloves, torch, slippers, firecrackers, garments, silk goods and frozen prawns remained heavy. Dealers here also shipped preserved duck and other Chinese-style foodstuffs to US but quantities very small.

HK/Thailand Trade—Bangkok abolished the import quota system, relaxed restrictions on import licenses and lifted the control on rice exports. These measures stimulated exports from here to Thailand; two vessels left here for Bangkok with about 2,000 tons of woollen and cotton blankets, iron wire nails, sundry provisions, cotton yarn, cloth, vacuum flasks and foodstuffs. About 50% of the tonnage consisted of Chinese products. Orders reached here from Bangkok during the week covered mostly paper and metals. Imports of rice and other staples from Thailand slowed down.

HK/Indonesia Trade—About 1,000 tons of sugar arrived from Indonesia last week. In return, HK sent 800 tons of cotton yarn, cloth, enamelware, canned food, metals, cosmetics and sundries to Djakarta and other Indonesian ports. Demand from Indonesia for alum, metals and paper remained keen but purchases still handicapped by the high premium of foreign exchange certificates in Djakarta.

Exports to Indonesian ports could not be easily stimulated because Japan will soon start to send US\$4.66 million worth of exports (cotton textiles, metals, paper, glass, etc.) to Djakarta.

HK/Malaya Trade—Exports to Singapore and other Malayan ports slowed down; orders reached here covered only a few items of produce and fine chemicals.

HK/Philippines Trade—Demand from Manila for HK manufactured structural steels, towel, bed sheet, and napery improved but orders were limited to small lots.

HK/Korea Trade—Seoul continued to enquire for substantial quantities of paper and other essential supplies from here but trading volume in most cases restricted by short stock here and low buying offers. Restriction on the storage period of newsprint was relaxed; stock which has been in a local godown for more than 1 year can also be shipped to Korea.

HK/Taiwan Trade—There were more orders from Taipei than during the previous weeks; interest covered beans, realgar, teaseed cake, bitter almond, zinc sheet, sulphite paper, fine chemicals. Transactions however were still handicapped by low buying offers. Imports of ginger, camphor products, sugar and other produce amounted to about 300 tons only. Dealers here also booked rayon yarn from Taiwan; first shipment will reach here before month-end.

HK/Cambodia Trade—Cargo movements between HK and Phnompenh reactivated; 800 tons of rice, live hogs and sundry provisions reached here and in return, dealers sent there 1,000 tons of wheat flour, cotton textiles, metalware and foodstuffs. Purchases from here last week also covered paper, enamelware, matches, white shirting and sundries.

HK/Laos Trade—Demand from Vientiane weakened; orders covered only insignificant quantities of HK manufactured plastics products, metalware, knitwear and children's garments.

HK/Burma Trade—Rangoon remained interested in cotton yarn, camphor products, wire nails and sundries from the local market. Strict control on foreign exchange there however restricted the volume of these purchases.

HK/Australia Trade—Steady exports of sawn timber to Australia provoked adverse criticism from Australian timber mills. From the local market Australia also bought woodoil, walnut and other produce but the volume of these purchases restricted by inadequate supply here.

HK/India Trade—In addition to regular moderate imports of cotton yarn, tobacco and other staples, dealers bought 5,000 tons of coal from India. Exports however remained sluggish. Authorities there last week further tightened control over non-essential imports.

* * *

China Produce—The market was active with inquiries from Japan, UK, Europe, Australia and other buyers for oilseeds, oils, animal by-products and other staples; trading however was restricted by inadequate supply in the local market and most orders for produce from China (woodoil, rosin, feather, jasmin extract, bee wax, cassia, aniseed oil, hog casing, walnut, bamboo cane) were concluded for small forward shipments. Spot transactions will remain slow because Japanese, European and British buyers are procuring most supplies direct from Canton.

Orders from Japan also covered sesame of SE Asian origin while de-

mand from US and Europe kept Korean gallnuts and Taiwan camphor products firm. Groundnut oil remained sluggish under heavy supply; bean oil declined too. Broad bean attracted orders from Taiwan, Philippines and Singapore but other beans were quiet with only local food manufacturers providing moderate demand for soya and green beans.

Metals—The market continued firm because (1) dealers here refrained from booking heavy replenishments, (2) stock of most items was no longer excessive, (3) arrival of supply from Europe and UK depreciated, and (4) even the most sluggish item—round bars—recovered under steady export and local demand. Prices however edged up very slowly because buyers were reluctant to increase their counter-offers in spite of the fact that market quotations for most items were still below cost. Items which retained steady demand from China, Korea and SE Asia included round bars and other structural steels, galvanized iron pipe, wire nails, steel plate, blackplate and tinplate and waste waste, galvanized iron sheet and zinc sheet.

Paper—Demand from Korea for newsprint remained keen but stock here dwindled; Seoul therefore booked 300 tons of American newsprint through a HK firm; shipments will be made direct to Korea. Seoul also took in sulphite paper, tissue, glassine and cigarette paper in ream. The market also registered demand from Thailand, Indonesia, Cambodia, Taiwan and Burma for various printing, writing and packing paper but quantities involved insignificant. Dealers here withheld booking of replenishments from Japan, China and Europe; they anticipated drop of indents from the present high level.

Pharmaceuticals—Trading turned quiet with only spasmodic purchases of sulfonamides and aspirin by Korea; salicylic acid and gum acacia by China; lysol by Taiwan; and a number of fine chemicals by local pharmaceutical manufacturers.

Industrial Chemicals—The market was sluggish.

Cotton Yarn—HK yarn remained firm on strong local and export demand; most spinners are booked up till next March by orders from Laos, Philippines, UK and other markets. Spot transactions were therefore quiet. Pakistan yarn also quiet because increased quotations discouraged local consumption. Korean brands remained popular with local weavers; prices firm on low stock and curtailed supply. Japanese yarn first firmed on increased cost but eased towards week-end when indents marked down.

Cotton Piecegoods—HK grey cloth firm on strong export demand for forwards; spot quiet. HK drill improved on orders from Laos and white shirting steady on demand from UK and US. Chinese grey dipped; new arrivals expected. Chinese drill however was steady on low stock. Japanese grey

declined on lower indents but white shirting steady on orders from Cambodia.

Rice—Thai rice, all grades, fluctuated with Bangkok quotations which dipped during first half week but recovered slightly towards week-end. Cambodian rice steady on restricted supply. Chinese rice also steady at week-end.

Wheat Flour—The market was quiet with supply still exceeding demand.

Sugar—Taiwan granulated fine remained weak; more supply arrived during the week. HK granulated also marked down in line with Taiwan product. Brown sugar opened steady on low stock but the arrival of new supply from Indonesia during the week again depressed the market.

Cement—Imports from China and Japan slowed down but prices remained at a low level forcing Green Island Cement to mark down its product to \$112 per ton—a big drop from \$130 per ton in September; retail prices per bag were reduced by 50c. Japanese brands steady at \$111 per ton while Chinese cement weak at \$97 per ton.

Gunny Bags—Prices here firmed on low stock and marked up Indian in-

dents; trading however sluggish. China recently booked large quantities of this item from India direct. Used bags attracted moderate demand from Philippines and Thailand; market price improved slightly to \$1.23 per piece of 2½-lb with 3 blue stripes.

Woollen Knitting Yarn—Local demand remained very strong. Japanese products are more popular with knitting factories than British goods on account of attractively low prices. Housewives however prefer British brands.

Fertilizers—Stock at present is heavy but demand tailed off. Over 1,000 tons of ammonium sulphate were imported from Japan recently on account of enquiries from China, Thailand and Indonesia.

Fountain Pens—Japanese fountain pens are flooding the local market and selling at only \$5 each together with a ball pen or a pencil to match. They resemble pen-and-pencil sets of American and European brands but the quality is much inferior. Export and local demand is very strong because the ink flows satisfactorily and the pen nib writes smoothly while the price is only a fraction of the American and European products.

HONGKONG TRADE IN SEPTEMBER AND JAN./SEPT. 1957

A rise in shipments of textile yarn and piecegoods accounted in large measure for an increase in the value of exports in September, compared with those of the previous month. Exports at \$238 million, although \$13.2 m behind the total for September 1956, increased by \$28.9 m or 13.8% over the previous month. Exports to Indonesia improved by \$12 m and to UK and Laos by \$9.6 m and \$6.7 m respectively. Imports at \$398.7 m rose by \$10.6 m or 2.7% compared with the preceding month and also \$60.2 m or 17.8% higher than September 1956.

Exports during the period January to September 1957 totalling \$2,265.5 m were \$148.8 m or 6.2% lower than those for the same period last year but exceeded those for 1955 by \$446.1 m or 24.5%. Imports at \$3,902.6 m showed an increase of \$493.7 m or 14.5% over 1956 and \$1,189.3 m or 43.8% over 1955.

A comparison of trade figures of Jan./Sept. periods of 1956 and 1957 reveals following changes. Exports to US rose by \$56.9 m, and to Philippines, UK, Burma and South Africa by \$21.2 m, \$20.2 m, \$19 m and \$13.1 m respectively. Exports to Indonesia fell by \$186.9 m and to Thailand and South Korea by \$112.6 m and \$45.4 m respectively. In imports, China remained the principal supplier; imports from this country up by \$75.1 m. Imports from UK increased by \$132 m and from US by \$121.7 m. Large increases were also recorded in imports from Indonesia and Switzerland, up by \$72.5 m and \$50.7 m respectively. Japan reduced her exports to the Colony by \$97.6 m, and Malaya by \$51.3 m. Item which showed the largest increase in exports was ores and metal scrap, up by \$43.1 m. Exports of textile yarns and piecegoods however fell by \$107.7 m. Imports of most items showed an increase in value notably base metals, up by \$92.9 m; scientific and controlling instruments including clocks and watches by \$61.7 m; ores and metal scrap by \$49.2 m. Imports of textile yarn and piecegoods fell by \$36.6 m, and manufactured fertilizers by \$27.2 m.

Trade Through the Post—Statistics will be collected beginning October of the value and volume of trade conducted through the post. Merchants have been invited to give voluntarily monthly statements of the total number of parcels despatched and of parcels received and their total values. If this voluntary scheme is a success the figures will be incorporated into the monthly trade statistics beginning January 1958. Up to October 5, returns had been received from traders who were able to give figures for September and these returns covered 1,429 parcels despatched, valued at \$603,553, and 1,451 parcels received, valued at \$1,806,939.

Exports of Hongkong Products—Exports of Hongkong products during September amounted to a declared value of \$70.9 m. This figure exceeded that of the preceding month by \$9.6 m or 15.7%, mainly as a result of increased purchases by UK and Laos, up by \$7.9 m and \$4.5 m respectively. The September 1957 total represents 29.8% of the Colony's total exports for the month, and \$9.8 m or 16% higher than that for September 1956. Exports during the first 9 months of this year totalling \$589.7 m were higher by \$8.4 m or 1.4% than in the same period of 1956. Marked increases were recorded in exports to Africa, other than British territories and Egypt (\$19.8 m); the United States (\$16.5 m); Philippines (\$12.3 m); South Africa (\$10 m); Burma (\$9.3 m). Countries which reduced their purchases were Indonesia, British West Africa, Malaya and Thailand, down by \$41.7 m, \$9.8 m, \$9.5 m and \$8.8 m respectively. Principal manufactures (exports of which exceeded \$10 m during the first 9 months of this year) were, in order of importance: cotton piecegoods, cotton yarn, shirts, enamelware, footwear, electric torches, cotton singlets, metal lanterns, embroidered linen and preserved fruits.

Certificates of Origin and Imperial Preference Certificates issued during the month totalled 19,819 covering goods to the declared value of \$65,776,467.

IMPORTS, BY COUNTRIES

Country	September, 1957 HK\$	Jan./Sept. 1957 HK\$	Jan./Sept. 1956 HK\$	Country	September, 1957 HK\$	Jan./Sept. 1957 HK\$	Jan./Sept. 1956 HK\$
Merchandise				Venezuela	—	22,770)	
United Kingdom	54,676,912	509,347,407	377,355,623	South America,			1,065,664
Central African				n.e.s.	4,587	1,346,272)	
Federation	24,960	2,071,224	3,211,284	Burma	840,658	15,012,576	28,931,390
East Africa,				China	88,745,301	831,060,714	755,968,914
British	8,054,626	44,475,436	34,776,058	Taiwan	3,481,983	63,605,672	37,806,480
South Africa ..	3,821,185	31,020,724	20,338,656	Indonesia	13,679,204	97,654,981	25,160,084
Canada	3,416,300	41,508,493	34,881,362	Japan	61,741,542	543,330,148	640,943,731
West Indies,				Korea, South ..	2,039,707	14,925,140	11,324,311
British	—	265,829	188,696	Macau	3,853,152	31,506,537	28,788,589
Borneo, British	3,571,732	36,238,425	29,552,806	Philippines	309,332	16,945,517	25,253,484
Ceylon	458,114	4,347,410	2,905,622	Thailand	15,870,042	154,848,743	141,490,467
India	7,447,389	70,247,238	43,377,339	Cambodia	4,354,066	45,784,657)	
Malaya	5,731,326	73,549,799	124,807,144	Laos	52,673	424,227)	
Pakistan	6,810,610	77,432,394	82,112,262	Vietnam, North	1,959,243	17,928,556	48,111,295
Australia	16,319,418	91,299,888	67,454,939	Vietnam, South	52,451	3,641,423)	
New Zealand ..	308,289	3,760,382	1,916,589	Middle & Near			
Fiji	—	95,057)		East	1,590,781	41,443,824	40,960,944
Oceania, Bri-			6,238,041	Asia, n.e.s.	—	7,500	2,300
tish, n.e.s.	—	1,366,275)		Austria	618,451	11,910,799	14,563,251
Mauritius	451,000	543,068)		Belgium	4,814,391	98,166,568	80,870,830
Mediterranean				Denmark	970,851	6,331,379	4,396,371
Territories,				France	1,943,387	29,721,109	21,496,482
Br.	4,819	10,309)	727,756	Germany, West	9,886,761	120,709,157	89,584,906
Aden	—	234,465)		Italy	3,881,420	48,392,529	28,993,584
British Com-				Netherlands	4,654,201	64,394,499	57,979,187
monwealth,				Norway	937,107	10,820,291	3,397,468
n.e.s.	—	177,098)		Sweden	1,446,376	21,527,285	14,794,715
Egypt	—	10,506,897)	6,086,347	Switzerland	15,329,008	143,780,812	93,064,497
Belgian Congo	32,600	293,079)		U.S.S.R.	—	2,707	2,840,216
North Africa,				Czechoslovakia	976,868	7,843,250)	
French	—	7,198)		Europe, East,			9,887,336
Equatorial &			1,656,715	n.e.s.	268,068	3,982,767)	
West Africa,				Europe, n.e.s. ...	1,007,853	10,192,070	8,146,130
Fr.	—	—)		United States			
Madagascar	—	55,291)		Oceania	18,021	87,251	70,113
Africa, n.e.s. ...	9,788	771,685)		Oceania, n.e.s.	31,495	391,712	485,898
U.S.A.	40,319,620	423,542,799	301,806,440				
Cuba	4,791	101,473)		Total Mer-			
Haiti	—	—)		chandise	398,726,620	3,902,603,801	3,408,893,935
Mexico	—	2,640)	2,121,377	Total gold			
Central Ame-				and specie	35,665,168	303,691,472	381,402,644
rica, n.e.s.	187,050	192,550)					
Argentina	51,206	3,906,936	1,772,308	Grand Total	434,391,788	4,206,295,273	3,790,296,579
Brazil	1,665,905	17,488,890	49,227,934				

EXPORTS, BY COUNTRIES

Country	September, 1957 HK\$	Jan./Sept. 1957 HK\$	Jan./Sept. 1956 HK\$	Country	September, 1957 HK\$	Jan./Sept. 1957 HK\$	Jan./Sept. 1956 HK\$
Merchandise				Fiji	392,751	2,068,230)	
United Kingdom	31,953,966	245,106,218	224,865,885	Oceania, Bri-			5,759,429
Central African				tish, n.e.s. ...	47,666	1,633,011)	
Federation	1,120,841	12,026,273	10,402,856	Mauritius	471,656	3,754,361)	
East Africa,				Mediterranean			
British	2,745,789	23,878,145	23,782,264	Territories,			
South Africa ..	3,044,472	33,931,654	20,840,425	Br.	356,532	5,700,696	16,619,006
Nigeria	3,116,458	20,243,908)		Aden	376,350	6,910,102	
West Africa,			48,512,586	British Com-			
British, n.e.s.	2,119,737	17,519,422)		monwealth,			
Canada	4,091,670	31,913,449	22,223,407	n.e.s.	3,798	147,343)	
West Indies,				Egypt	807	203,302	2,111,487
British	2,412,721	17,345,527	14,476,824	Belgian Congo	954,702	10,948,633)	
Borneo, British	2,829,056	29,172,859	33,709,559	North Africa,			
Ceylon	1,924,128	11,495,206	11,986,483	French	111,595	2,097,626)	
India	626,526	11,012,941	16,106,765	Equatorial &			40,243,621
Malaya	24,345,598	270,669,579	276,920,021	West Africa,			
Pakistan	211,901	2,785,590	4,279,084	Fr.	5,250,484	27,548,745	
Australia	7,116,527	45,730,070	42,856,347	Madagascar	755,975	4,266,085	
New Zealand	1,459,833	12,461,431	11,965,214	Africa, n.e.s.	1,726,815	22,940,328)	

Country	September, 1957 HK\$	Jan./Sept. 1957 HK\$	Jan./Sept. 1956 HK\$	Country	September, 1957 HK\$	Jan./Sept. 1957 HK\$	Jan./Sept. 1956 HK\$
U.S.A.	17,398,279	137,171,289	80,229,047	Middle & Near			
Cuba	451,972	3,831,426)		East	2,624,527	22,999,633	25,965,441
Haiti	111,717	803,204)		Asia, n.e.s.	33,366	1,896,859	1,997,189
Mexico	264,591	2,025,744)	20,361,104	Austria	13,250	67,555	43,974
Central Ame-				Belgium	1,210,549	11,627,693	8,123,226
rica, n.e.s.	2,613,937	22,473,386)		Denmark	430,973	3,906,052	3,639,090
Argentina	36,760	324,641	282,628	France	879,906	11,328,421	16,250,473
Brazil	113,985	780,305	352,308	Germany, West	3,792,889	31,635,815	29,189,375
Venezuela	1,360,845	9,159,235)		Italy	1,142,084	7,221,867	6,323,304
South America,			15,536,365	Netherlands ...	1,260,434	14,542,797	18,093,331
n.e.s.	1,414,761	8,241,692)		Norway	815,582	6,367,722	5,017,366
Burma	5,798,118	37,682,521	18,704,031	Sweden	679,265	7,584,376	4,587,965
China	8,898,101	96,280,835	91,423,673	Switzerland ...	273,419	2,362,849	2,723,543
Taiwan	4,347,643	44,433,375	34,980,141	Europe, n.e.s. ..	238,549	2,095,126	2,240,509
Indonesia	20,233,239	245,582,755	432,496,006	United States			
Japan	8,536,145	206,517,935	207,516,552	Oceania	2,647,199	22,951,620	22,891,823
Korea, South ..	4,618,252	50,027,247	95,452,832	Oceania, n.e.s.	1,450,383	9,681,791	7,388,478
Macau	5,302,949	49,102,567	41,262,858	Total Mer-			
Philippines	6,916,365	54,294,318	33,104,813	chandise ..	238,060,797	2,265,549,083	2,414,353,819
Thailand	14,068,004	136,734,026	250,364,484	Total gold			
Cambodia	2,553,090	35,353,126)		and specie	33,691,986	304,866,548	396,873,653
Laos	10,500,912	42,167,324)		Grand Total	271,752,783	2,570,415,631	2,811,227,472
Vietnam, North	752,134	24,297,348)	110,150,627				
Vietnam, South	4,714,269	28,983,874)					

IMPORTS, BY DIVISIONS

Division	September, 1957 HK\$	Jan./Sept., 1957 HK\$	Jan./Sept., 1956 HK\$
Live animals	17,816,276	125,963,857	125,525,430
Meat & preparations	5,034,784	49,925,158	26,095,904
Dairy products	6,832,443	79,007,485	66,224,032
Fish & preparations	7,815,370	65,983,080	59,764,819
Cereals	24,480,157	234,714,645	212,096,392
Fruits, vegetables	18,568,639	171,380,021	141,717,548
Sugar & preparations	15,318,274	77,047,554	60,434,039
Coffee, tea, cocoa, spices	4,262,878	42,872,989	35,880,023
Feeding stuffs	645,237	6,945,075	7,034,205
Miscellaneous food	3,133,311	28,274,659	23,437,527
Beverages	1,982,324	24,727,700	20,194,281
Tobacco & manufactures	4,760,857	53,450,466	44,007,629
Hides, skins, furs (undressed)	722,298	11,256,352	10,544,820
Oil seeds, nuts	2,359,549	25,883,560	32,896,236
Crude rubber (including synthetic)	1,593,490	13,663,782	16,415,496
Wood, lumber, cork	5,324,878	57,385,910	49,581,987
Pulp, waste paper	77,199	2,908,032	2,035,703
Textile fibres & waste	18,725,965	251,691,381	237,230,612
Crude fertilisers & minerals	901,010	7,734,259	6,310,222
Ores, metal scrap	2,009,848	58,561,455	9,334,442
Animal & vegetable crude materials	13,326,097	142,995,536	129,353,637
Mineral fuels, lubricants, related materials	14,633,714	162,529,113	146,950,527
Animal & vegetable oils (not essential oils), fats, greases, derivatives	5,842,052	60,981,602	61,176,704
Chemical elements & compounds	3,611,290	40,879,982	32,009,733
Mineral tar, crude chemicals		323,528	1,166,059
Dyeing, tanning & colouring materials	2,422,805	37,663,408	29,401,516
Medicinal & pharmaceutical products	8,941,208	58,345,683	37,799,103
Perfume materials, cleansing preparations	3,166,618	33,703,130	34,205,221
Fertilizers (manufactured)	1,250,758	7,068,159	34,273,128
Explosives, miscellaneous chemicals	6,845,849	62,367,541	43,050,457
Leather & manufactures, dressed furs	1,729,486	19,274,593	15,308,603
Rubber manufactures	962,919	10,478,872	14,701,104
Wood & cork manufactures	1,086,049	9,217,173	8,221,354
Paper, paperboard & manufactures	8,309,586	102,275,359	87,895,290
Textile yarn, fabrics, made-up articles	85,264,675	671,925,656	708,502,424
Non-metallic mineral manufactures	7,633,124	72,352,329	69,365,509
Silver, platinum, gems, jewellery	7,729,694	71,492,088	67,790,437
Base metals	14,402,318	289,063,617	196,126,050
Manufactures of metals	4,003,610	52,612,416	47,440,714
Machinery other than electric	11,989,560	124,321,776	96,004,223
Electric machinery & appliances	7,530,701	73,668,930	60,570,745
Transport equipment	7,923,652	86,680,887	65,620,981

Division	September, 1957 HK\$	Jan./Sept., 1957 HK\$	Jan./Sept., 1956 HK\$
Prefabricated buildings; plumbing, heating & lighting fittings	965,604	10,169,849	10,850,272
Furniture, fixtures	251,322	3,595,076	2,622,826
Travel goods	303,518	2,183,504	1,764,706
Clothing	7,124,844	42,020,533	29,643,789
Footwear	894,697	7,086,579	3,020,628
Scientific instruments; photographic & optical goods; watches, clocks	20,072,256	177,063,294	115,393,958
Miscellaneous manufactures	8,126,583	80,421,214	71,740,228
Live animals (not for food)	17,244	464,954	162,662
Gold, specie	35,665,168	303,691,472	381,402,644
Total:	434,391,788	4,206,295,273	3,790,296,579

EXPORTS, BY DIVISIONS

Division	September, 1957 HK\$	Jan./Sept., 1957 HK\$	Jan./Sept., 1956 HK\$
Live animals	128,189	706,233	213,920
Meat & preparations	752,086	6,537,903	5,378,718
Dairy products	1,094,439	10,646,105	12,606,606
Fish & preparations	2,625,136	22,823,024	18,861,201
Cereals & preparations	2,003,505	31,150,114	39,915,561
Fruits, vegetables	8,591,427	91,477,897	85,763,718
Sugar & preparations	6,803,892	45,228,210	29,242,767
Coffee, tea, cocoa, spices	2,807,225	21,978,324	20,389,188
Feeding stuffs	98,338	1,740,965	2,070,256
Miscellaneous food	2,406,482	23,383,774	23,131,428
Beverages	781,904	8,451,612	9,248,951
Tobacco & manufactures	711,644	7,302,606	5,320,053
Hides, skins, furs (undressed)	562,923	8,691,577	11,596,614
Oil seeds, nuts	546,485	14,566,639	34,824,630
Crude rubber (including synthetic)	354,016	1,718,083	197,696
Wood, lumber, cork	993,377	7,619,302	6,286,123
Pulp, waste paper	85,027	2,019,201	1,408,389
Textile fibres & waste	3,165,668	63,238,846	65,319,542
Crude fertilisers & minerals	214,419	3,291,002	3,398,281
Ores, metal scrap	2,515,027	85,986,110	42,896,371
Animal & vegetable crude materials	7,256,755	89,467,467	111,584,390
Mineral fuels, lubricants, related materials	192,349	4,385,526	17,772,236
Animal & vegetable oils (not essential oils), fats, greases, derivatives	3,244,705	30,408,848	28,865,276
Chemical elements & compounds	1,407,314	15,037,395	11,012,525
Mineral tar, crude chemicals	—	147,140	696,246
Dyeing, tanning & colouring materials	2,494,752	34,343,806	39,770,123
Medicinal & pharmaceutical products	7,591,942	56,275,942	35,958,537
Perfume materials, cleansing preparations	1,357,791	18,262,549	19,049,782
Fertilizers (manufactured)	992,816	7,496,874	34,765,994
Explosives, miscellaneous chemicals	3,041,226	16,241,939	14,397,149
Leather & manufactures, dressed furs	115,818	1,381,080	2,010,098
Rubber manufactures	206,288	3,547,409	9,854,295
Wood & cork manufactures	360,390	3,569,215	3,162,745
Paper, paperboard & manufactures	3,909,458	39,256,554	53,763,439
Textile yarn, fabrics, made-up articles	69,129,556	541,341,539	648,998,226
Non-metallic mineral manufactures	2,698,950	31,744,835	41,455,455
Silver, platinum, gems, jewellery	2,608,471	21,733,308	24,967,923
Base metals	4,898,580	93,353,877	83,326,384
Manufactures of metals	8,648,984	90,452,756	100,336,671
Machinery other than electric	2,290,810	24,347,573	42,855,668
Electric machinery & appliances	3,326,670	26,596,707	29,227,219
Transport equipment	3,851,995	28,499,125	25,686,509
Prefabricated buildings; plumbing, heating & lighting fittings	4,919,719	52,274,253	59,739,620
Furniture, fixtures	2,025,058	27,319,778	25,173,290
Travel goods	1,424,619	12,589,807	12,932,589
Clothing	39,254,991	322,465,945	301,970,894
Footwear	6,077,928	52,614,762	64,246,130
Scientific instruments; photographic & optical goods; watches, clocks	3,860,913	28,080,559	30,842,772
Miscellaneous manufactures	13,547,731	133,217,298	121,461,760
Live animals (not for food)	83,009	537,910	399,761
Gold, specie	33,691,986	304,866,548	396,873,653
Total:	271,752,783	2,570,415,631	2,811,227,472

HONGKONG PRODUCTS

EXPORTS, BY COUNTRIES

Country	September 1957 HK\$	Jan.-Sept. 1957 HK\$	Jan.-Sept. 1956 HK\$
United Kingdom	19,012,686	124,993,178	122,259,213
Central African Federation	450,459	4,314,213	3,916,176
East Africa, British ..	1,798,370	14,099,289	14,123,102
South Africa	1,838,968	22,408,175	12,450,213
Nigeria	2,451,369	14,217,778)	
West Africa, British, n.e.s.	1,259,563	9,071,374)	33,133,996
Canada	1,399,207	8,427,380	5,472,736
West Indies, British ..	1,140,439	8,562,316	6,255,392
Borneo, British	959,160	7,788,063	9,139,584
Ceylon	390,565	3,986,031	3,273,863
India	35,061	1,408,330	4,505,507
Malaya	5,783,235	57,357,029	66,884,470
Pakistan	48,710	664,651	1,335,922
Australia	2,519,642	16,435,614	14,423,334
New Zealand	458,068	4,368,126	4,370,496
Fiji	165,362	913,727)	
Oceania, British, n.e.s.	23,905	564,625)	2,191,114
Mauritius	261,080	1,794,548)	
Mediterranean Ter- ritories, Br.	196,687	3,213,392)	
Aden	124,191	2,973,265)	7,936,900
British Common- wealth, n.e.s.	3,479	51,398)	
Egypt	—	—	276,259
Belgian Congo	414,445	5,320,048)	
North Africa, French Equatorial & West Africa, Fr.	97,546	1,516,043)	21,757,099
Madagascar	4,332,394	21,395,732)	
Africa, n.e.s.	75,878	2,048,702)	
U.S.A.	559,357	11,322,049)	
Cuba	3,504,507	30,397,745)	13,870,666
Haiti	204,722	1,493,470)	
Mexico	84,777	582,734)	
Central America, n.e.s.	144,763	1,377,892)	8,253,306
Argentina	1,264,542	9,158,546)	
Brazil	5,010	44,294)	4,187
Venezuela	90,698	169,339)	14,622
South America, n.e.s.	630,368	5,370,338)	
Burma	594,996	4,279,121)	7,884,002
China	291,400	10,881,245)	1,569,943
Taiwan	30	2,454,350)	1,475,478
Indonesia	49,714	903,506)	1,257,075
Japan	3,370,066	72,733,218)	114,400,005
Korea, South	347,313	3,661,980)	5,462,703
Macau	—	189,585)	3,821,075
Philippines	526,196	4,467,951)	3,322,099
Thailand	2,959,963	28,599,050)	16,306,707
Cambodia	2,455,006	26,525,112)	35,318,510
Laos	205,304	4,695,113)	
Vietnam, North	4,881,687	13,137,624)	18,614,257
Vietnam, South	—	20,960)	
Middle & Near East	134,540	991,788)	
Asia, n.e.s.	633,831	7,322,607)	9,014,826
Austria	15,981	725,888)	1,203,581
Belgium	—	1,504)	240
Denmark	138,017	1,273,341)	1,339,430
France	194,170	1,367,729)	1,074,993
	75,621	410,273)	480,601

Country	September 1957 HK\$	Jan.-Sept. 1957 HK\$	Jan.-Sept. 1956 HK\$
Germany, West	773,073	4,257,249	1,825,944
Italy	118,029	651,624	428,762
Netherlands	73,911	1,727,755	2,622,537
Norway	142,399	1,250,075	365,867
Sweden	153,963	1,534,753	1,198,474
Switzerland	17,502	244,587	204,245
Europe, n.e.s.	59,571	384,242	452,280
United States			
Oceania	439,889	2,795,366	2,371,479
Oceania, n.e.s.	498,919	3,369,312	2,561,539
Total	70,880,304	598,666,342	590,224,809

EXPORTS, BY COMMODITIES

Commodity	September 1957 HK\$	Jan.-Sept. 1957 HK\$	Jan.-Sept. 1956 HK\$
Fish in airtight con- tainers	112,256	1,494,516	1,685,149
Fruits (preserved) ...	1,264,646	10,377,566	11,592,186
Jams & fruit jellies ..	—	1,807	1,003
Fruit juices (unfer- mented)	16,211	279,861	419,007
Non-alcoholic bever- ages	138,295	879,708	770,061
Beer	—	4,289	25,591
Cigarettes	195,928	1,471,112	791,037
Iron ore	304,613	3,066,472	3,295,821
Tungsten ore	—	31,500	111,463
Seagrass	23,854	73,433	75,954
Lacquers, varnishes ..	125,400	2,130,751	2,222,616
Paints, enamels, mas- tics	844,096	9,332,018	8,462,172
Cotton yarn	9,793,926	84,101,301	76,729,706
Cotton piecegoods ...	22,854,737	172,934,926	124,467,305
Towels (not embroi- dered)	1,208,480	8,878,080	10,543,081
Linen (embroidered) ..	1,836,151	11,226,833	6,954,095
Cement	463,958	4,801,557	6,987,778
Iron & steel bars	1,599,115	8,382,343	8,617,537
Enamelware	5,044,575	48,455,665	56,440,923
Aluminiumware	524,338	6,377,453	6,530,252
Torch batteries	1,293,602	8,139,966	7,101,058
Torch bulbs	232,782	3,046,122	4,760,373
Electric Torches	3,404,877	32,494,933	36,807,019
Metal lanterns	567,678	11,848,383	13,842,266
Cotton singlets	2,856,893	28,302,810	64,278,401
Underwear, night- wear (embroider- ed)	202,372	3,466,511	2,419,828
Shirts	7,593,853	64,315,499	52,320,244
Outerwear (embroi- dered)	640,205	6,913,244	5,424,088
Embroidered articles of clothing (e.g., handkerchiefs, shawls, etc.), n.e.s.	843,247	4,524,506	3,502,861
Footwear	5,255,398	46,514,185	59,208,389
Matches	41,907	620,778	691,434
Plastic articles	938,608	8,202,959	7,276,720
Vacuum flasks	648,403	5,975,255	5,869,391
Total	70,880,304	598,666,342	590,224,809